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ABSTRACT

The principles, practices, responsibilities, and controls in student financial aid are described in this manual. It traces the flow of funds, management activities, and legal issues as they occur in the process. The emphasis is on sound management principles of a general and permanent nature rather than on specific government requirements that may change from year to year. The manual is designed to help senior administrators understand the effects of student financial aid on their institutions; to present the financial aid process; and to encourage and promote self-regulatory mechanisms for the postsecondary education industry. Specific areas covered by the manual include the institutional implications of student financial aid, planning and acquiring financial aid resources, activities and responsibilities of the financial aid office, the disbursement process, fiscal management, billing and collection, auditing and compliance, and special issues in management control. Appendices include request for institutional eligibility for programs forms; the fiscal-operations report and application to participate in Federal student financial aid programs forms; the financial aid application form; elements of a typical student data base; a sample recipient report of expenditures; the National Defense/Direct Student Loans statement of rights and responsibilities; audit objectives for various student loan programs; and an institutional file analysis form. A bibliography and glossary are also included. (SC)

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Management of Student Aid

U.S. DEPARTMENT OF HEALTH,
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Preface

This manual is addressed to all those who act in a decision-making capacity concerning student aid. Although trustees and presidents may not be expected to read all the details in this manual, they should nevertheless see that it is used by those having responsibility for student aid programs. Many other persons working in the area of student aid, such as auditors, counselors, and billing and collection agents, will also find the manual useful. A brief companion document to this manual has been prepared especially for trustees, presidents, and senior administrators, and is available from the American Council on Education, One Dupont Circle, Washington, D.C. 20036.

The manual has several purposes. The first one is to help senior administrators (presidents and academic, business, student affairs, and development officers) to understand the effects of student financial aid on their institutions; these effects are far-reaching, and some are often unknown or only vaguely recognized. Many administrators are not aware of the level of aid their institutions are providing from their own resources. This may be the result of the varied sources of institutionally based aid: unrestricted current funds, restricted gifts, endowment income, and loan funds. Accounting for all of these in one place can be difficult; this, in turn, increases the problem of predicting the amount of institutional aid funds that will be available. The management of these and other sources of aid is a critical institutional responsibility.

A second purpose of the manual is to present

the financial aid process. An understanding of the major issues and control points in this process is essential for all institutional decision makers, including trustees and senior administrators. The critical decisions to be made on student aid are a responsibility of the president's management team. These decisions, after approval by the governing board, will affect institutional mission, student mix, admissions, retention, and certainly finances. Institutional responsibility requires that managers anticipate rather than react. They should not be surprised by their enrollment figures or by their financial statements. Only by continual planning and careful control will such surprises be avoided.

Another purpose of the manual is to encourage and promote self-regulatory mechanisms for the postsecondary education "industry." By using sound accounting and control practices, federal and state regulation can be avoided or reduced, and the costs associated with regulation, such as paperwork, can be applied instead to institutional programs.

This manual contains the principles, practices, responsibilities, and controls in student financial aid; such practical information as charts, forms, and letters are generally contained in the appendixes. It traces the flow of funds, management activities, and legal issues as they occur in the process. However, while legislation and agency regulations are clearly essential in the management of student aid, specific legislative and regulatory requirements are referenced but not highlighted in the text. This approach is

consistent with the need to emphasize sound management principles of a general and permanent nature rather than specific government requirements that may change from year to year.

Because of the variety of postsecondary institutions, this manual does not dictate organization or staffing. For example, while it is desirable and efficient in many institutions to have a combined admissions and financial aid office, the manual takes no position on this issue, which must be an institutional decision. However, the principles expressed apply to all institutions.

Although breaking new ground in terminology is not a purpose of this manual, it should be noted that the term "grants" is used herein to cover all gift-type aid, including scholarships. Traditionally, scholarships were gift aid based on academic achievement, but the term is now used loosely in the literature and in institutions,

and is usually ambiguous and sometimes incorrect. Therefore, the reader is advised to be aware of this convention, even though "scholarship" is also used in the text on occasion.

No treatise on student aid can remain current for very long; this manual is no exception. There is much activity, especially at the federal level, in this area. As mentioned, laws and regulations continually change, and administrators must be aware of the effects of these changes on their institutions. A recent example is the Middle Income Student Assistance Act, whose effects may not be entirely predictable.

Finally, a caveat: this manual, although comprehensive and detailed, cannot and is not intended to replace the individual program manuals and the laws, regulations, policy statements, and other directives of government aid programs.

Acknowledgments

The idea for NACUBO to prepare a manual on the management of student aid was proposed in the spring of 1978 by the association's Small Colleges Committee, whose members at that time were: Thomas O. James, *chairman*, Chatham College; Robert W. Anderson, Grinnell College; Paul Aslanian, Macalester College; John H. Clark, California Institute of the Arts; Eugene W. Johnson, Hampton Institute; Rudolph E. Koletic, St. John Fisher College; and Richard S. Thomas, Arkansas College.

This idea was further developed and carried through by the Student-Related Programs Committee, whose members were: Gerald M. Skogley, *chairman*, University of North Dakota; Dean E. Clabaugh, Evergreen State College; David L. Coker, University of Wisconsin—Stevens Point; William C. English, University System of South Texas; James D. Logan, Temple University; Dallas Martin, *ex officio*, National Association of Student Financial Aid Administrators; Donald R. Moore, Tulane University; and Al Vonhof, College of St. Catherine.

In the summer of 1978 an advisory committee was established to oversee the project. Members of the committee also reviewed and approved a description and outline of the project, and then reviewed drafts of the manual. The members were: Charles C. Teamer, *chairman*, Dillard University; Cliff Gillespie, Middle Tennessee State University; James Kauffman, University of South Carolina; Charles H. Oestreich, Texas Lutheran College; Ronald F. VanSteeland,

Grand Valley State Colleges; and Dan C. West, Arkansas College.

Once the outline was decided, authors were engaged to draft chapters. The authors also reviewed each other's work, which provided another level of review. The authors were: Marion Bonacorsi, Purdue University; Judith A. Brechner, Florida Board of Education; J. Stephen Collins, Boston College; Jonathan D. Fife, Educational Resources Information Center Clearinghouse on Higher Education; Gary A. Luoma, Georgia State University; Warren C. McAlvey, Michigan State University; Robert S. Sorensen, Purdue University; and Warren H. Spruill, The University of Alabama.

Joining the advisory committee and authors at their meetings were: J. Leslie Hicks, Jr., Denison University, representing the NACUBO board of directors' committee on professional development and publications; Thomas O. James, Chatham College, chairman of the Small Colleges Committee; and Gerald M. Skogley, University of North Dakota, chairman of the Student-Related Programs Committee.

Also present at one or more meetings were Dallas Martin, NASFAA; Elaine El-Khawas and Patricia D. Smith, American Council on Education; James Moore, Alex Ratnofsky, and Richard Rowe, U.S. Office of Education; and Sherry W. Gardner, Office of the Inspector General, DHEW.

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Institutional Implications of Student Financial Aid

Financial aid for students in higher education has grown in many different forms at an accelerating rate in the last twenty years. In 1958, when the first legislation for the National Defense Student Loan (NDSL) program was enacted, student aid was a relatively small part of institutional budgets. Such aid was primarily in the form of scholarships, frequently for merit as well as need, with a minor number of student loans.

Federal student aid programs grew gradually until the passage in 1972 of the Basic Educational Opportunity Grant (BEOG) program. This program has accelerated from an initial amount of \$122 million to approximately \$2.5 billion currently. In addition to the federal programs, there has also been increasing student aid support through state agencies that provide aid to students at independent as well as public institutions.

This substantial increase in student aid has imposed an increasing administrative burden on institutions, and the accelerated rate of growth has made it difficult for policy makers to grasp all the implications and to develop sufficient management expertise for these increasingly vital programs. Financial aid officers have struggled to cope with handling many more students, an increased volume of dollars, rapidly changing federal regulations, and the growing complexity of all aspects of student aid. Business officers have become more involved as the number and amount of student loans outstanding has grown, requiring a substantial increase

in staff resources, with responsibility necessarily assigned to individuals with little or no previous experience in major debt-collection programs.

The effective management of student aid, although a primary responsibility of the student aid officer, requires careful oversight and review, as well as a commitment of resources, by the governing board, the president, and other senior administrators. All persons involved must insure that the results of the aid are compatible with the institution's mission and recruitment objectives. Also, the large and growing amounts of aid require increasing attention to accounting, control, and auditing.

Student aid, particularly from the federal and state governments, has become an important source of institutional revenue. Much beyond its significance as a source of revenue, however, aid has a strong effect on the mission of an institution. For example, an important goal of the BEOG program is student access. The type of students attracted to a specific institution is affected by the type of student aid offered there. Institutional administrators must engage in careful planning, recognizing the institution's mission and designing its student aid program to support that mission. Otherwise, a different student mix may result, one that is contrary to the established mission.

Planning and projection of admissions and awards of student aid are essential to insure the institution's financial health. Close attention must be given to the ratios of offers of admis-

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sion to acceptance and offers of financial aid to acceptance. An institution can easily and quickly become financially overcommitted if acceptance ratios are not carefully monitored and if they should differ substantially from the estimates prepared by the admissions and student aid offices. The way in which an institution's own funds are used can also have a significant effect; unrestricted funds of the institution, whether from tuition, gifts, or other sources should be carefully managed and allocated to insure that institutional objectives, including student mix, are achieved. Cash management is of great importance, especially to institutions highly dependent on student aid. Timely request of funds and accurate accounting and disbursement are critical.

POLICY CONSIDERATIONS

Student aid comes in many forms from many sources; these are discussed in chapter 2. In general, however, administrators need answers to a number of questions:

- Do the governing board, president, and senior administrators understand the commitment made by the institution when the president signs the agreement covering participation in federal aid programs? (The agreement is shown as Appendix 2:2.)

- Has the president communicated responsibility for financial aid throughout the institution?

- Does the institution recognize how the management of financial aid affects student mix and, therefore, mission?

- What types of aid are most effective in attracting and retaining the type of students the institution seeks?

- Where student aid is not need-based, is it defensible in terms of institutional mission?

- How does financial aid affect student recruitment and retention, and therefore student mix, at this institution and at competing ones?

- Without programmatic changes, has the student aid budget been projected for the next four years?

- Has the financial impact of commitments for

freshmen been projected as to their effect for the next four years?

- Does the admissions office have a complete understanding of the next year's financial aid program?

- Is there a mechanism in place to obtain private funds when they are needed?

- Are students and parents informed about aid programs? Are their privacy and other rights well-defined and respected?

- Is the institution adequately staffed to provide necessary financial aid services?

- Are good business practices being followed in every step of the aid process? How can the soundness of business practices be verified?

- Is there a high dropout rate, which will raise the cost and increase problems in trying to collect loans?

- What is the institution's delinquency rate on student loans, and how can it be reduced? What is the delinquency rate at similar institutions?

Considerations in answering these questions include institutional objectives; purposes of externally controlled and/or regulated funds; the segregation of funds; external factors affecting admissions, retention, and student aid; the impact of aid on students' decisions; cost implications; legal considerations; and the financial means available to achieve institutional objectives.

ADMINISTRATIVE RESPONSIBILITIES

An institution's philosophy of student aid should be periodically reviewed by the governing board. It may change from time to time as external circumstances, such as the pool of available students and changes in federal financial aid programs, dictate.

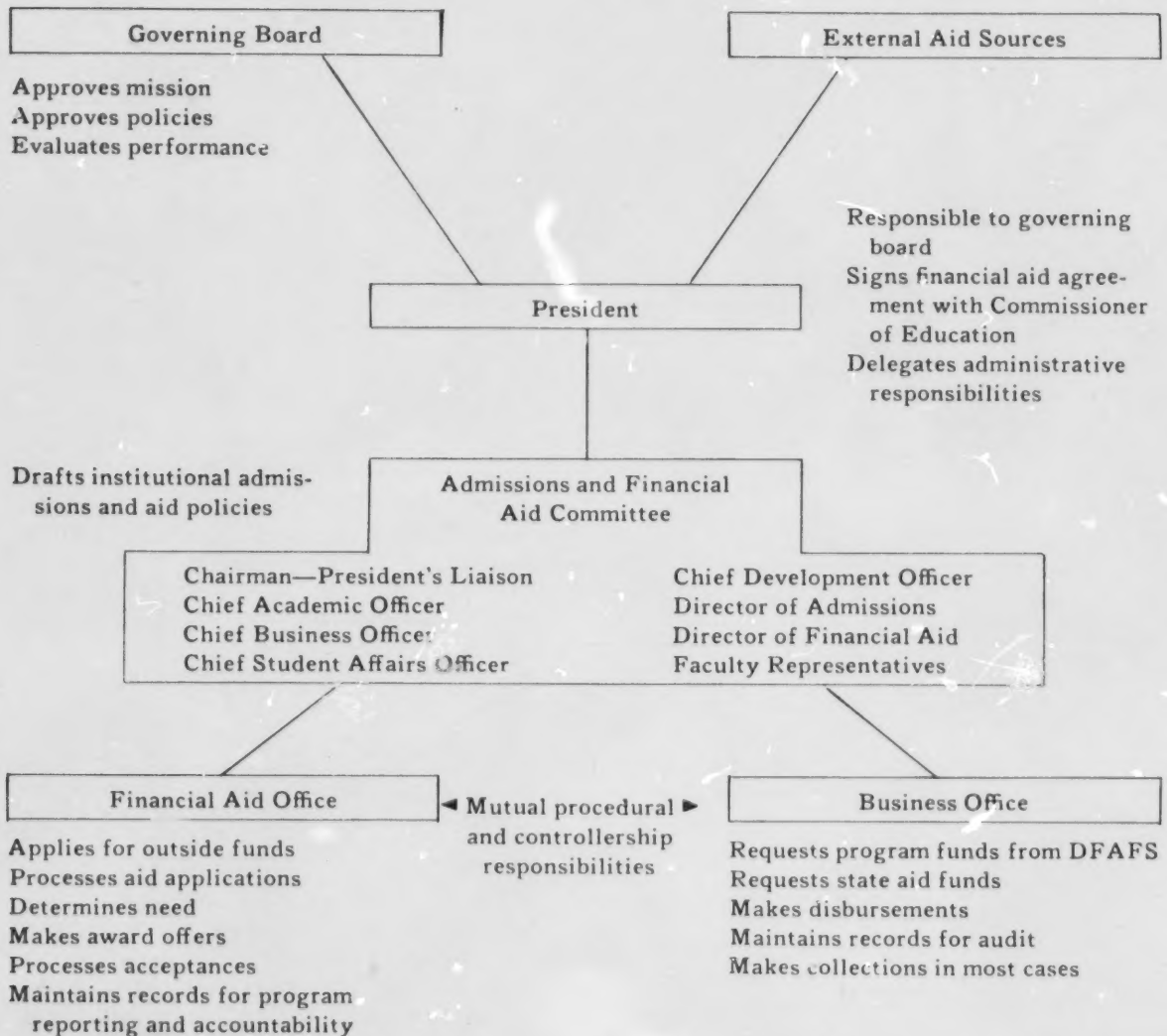
The president should take an active part in establishing or modifying the institution's financial aid philosophy and plan. In addition, he or she should insist on a high quality of management in the financial aid office; on the development of well-defined working relationships among that office, the business office, admissions office, and registrar in particular; and on the use of effective management techniques

and controls in all departments concerned in any way with student aid. Finally, the president should provide the support necessary, within budgetary and other limitations, to meet the institution's responsibilities.

Ideally, policy making with respect to student aid is broadly based, involving not only the president, but many other persons and

offices. Although most student aid policies are carried out at the operating level by either the student affairs office or the business office, the making of policy is not so limited, as indicated by the accompanying chart, which demonstrates the interdependence of various persons and offices in creating and maintaining a dynamic, successful aid program.

Administrative Relationships



TYPES AND DELIVERY OF AID

Public and independent institutions have historically offered aid to students by an indirect form of pricing higher education below cost. This type of financial aid is universally offered today. According to the National Center for Education Statistics, students pay, on the average, only 20.6 percent of the total cost of their education at publicly controlled institutions and 63.7 percent at independently controlled institutions. (1) However, most people think of financial aid in terms of its more visible forms.

Historically, expenses not met by student tuition and fees were met by institutional support from alumni, friends, corporations, philanthropic foundations, and state and federal government. These funds typically required only a small administrative staff to manage. This traditional funding pattern has, however, been greatly altered by the emphasis now being placed on "direct" student financial aid. Increased availability of aid has given students greater freedom in deciding to attend an institution and in choosing which institution to attend. Institutions, in turn, have had to develop a new administrative structure to handle the complex flow of student aid dollars and the new regulations that go with these dollars.

Because of the growing magnitude of aid, it is imperative that institutional policy makers understand the forms of aid available and the systems used to distribute them. Other chapters in this manual, particularly chapter 2, discuss in detail the forms of financial aid; these include grants, work, and loans.

The term "grant" as used in this manual includes scholarships, which are usually offered to encourage students with exceptional academic, athletic, or artistic ability to attend a particular institution, as well as gift aid offered to students according to their financial need. In both cases, the aid is offered as a gift that the student is not expected to pay back.

Work as a form of student aid is offered by many institutions. In addition to the general opportunities available to students, specific services, such as teaching and research assist-

antships, are also sometimes provided. Students are paid by hour or term.

Loans, as opposed to grants, are offered to students with the understanding that they will be paid back in full, plus interest, by some future date, although repayment does not begin until after the student has terminated his or her education; some loan programs provide for cancellation. For some students, loans may not be a viable form of student aid. Each institution should make the final decision, in accordance with its philosophy of student aid, on what the mix of these three types of aid should be.

Aid may be offered by an individual institution; in this case, the student receives such aid only if he or she attends that institution and is eligible for the aid offered under the terms specified. Aid may also be offered or delivered through an external agency or program, in which case it may be used at any participating institution that will accept the student, provided the institution has met the eligibility requirements for that program.

The general requirements for institutional eligibility are the same for all U.S. Office of Education financial aid programs. An institution must be legally authorized by a state or other jurisdiction to provide a program beyond secondary school. Public and nonprofit private institutions must either be accredited by a recognized accrediting organization that is determined by the U.S. Commissioner of Education as attempting to meet accreditation standards or be able to provide letters from three accredited institutions stating that they will accept credits from the applicant institution. Proprietary schools must be accredited by a nationally recognized accrediting agency, and must have been in existence for at least two years. Appendix 1:1 shows the Request for Institutional Eligibility for Programs.

COST OF STUDENT AID

Because managing student aid programs can be very expensive, it is important to know the costs and benefits of student aid. If these added costs are not considered in institutional planning and budgeting, student financial aid will be a liability rather than an asset.

For funded aid programs, the most obvious costs are those involved in administering the programs: staffing, space, systems development and maintenance, and other expenses. The federal campus-based programs (Supplemental Educational Opportunity Grant or SEOG, National Direct Student Loan or NDSL, and College Work-Study or CWS) offer some help in offsetting these costs through an "administrative allowance," but this help is inadequate.

While the administrative expenses of student aid must be considered, other expenses are not so obvious and may be even more costly. One such cost, discussed earlier, involves the consideration that student tuition and fees do not cover all the student's educational costs; that is, that tuition is priced below cost. Student aid can be a useful tool for recruitment, but those institutions most in need of students usually also have the least amount of student aid funds.

Another cost involves the additional funds needed to cover the cost not met by tuition and fees for each student attracted by student aid. An institution should consider the marginal cost associated with the class or program in which the student is to be enrolled. In the short run, if an institution can add students without increasing faculty, staff, and facilities, then additional revenue can be generated by using student aid.

Other costs may result from special counseling or remedial programs needed to help aided students maintain the institution's academic standards.

MAGNITUDE OF STUDENT AID

On June 5, 1979, the House Appropriations Committee approved, for fiscal 1980, a total of \$4.83 billion for the federal student assistance programs administered by the U.S. Office of Education. The Basic Grants program accounted for \$2.44 billion, while the amounts for the three campus-based programs were as follows: SEOG, \$370 million; CWS, \$550 million; and NDSL, \$286 million. The largest of the remaining programs in terms of dollars was the Guaranteed Student Loan (GSL) program, which accounted for \$960 million. (2)

In 1976-77, colleges and universities provided

\$1.5 billion of their own funds to aid undergraduate students: 56 percent as grants, 36 percent as student wages, and 8 percent as loans. (3) There are many other sources of student aid in addition to U.S. Office of Education and institutional funds. State programs currently provide nearly \$1 billion (this figure does not include aid from local governments). (4) Veteran's benefits amount to about \$2.3 billion, while payments from the social security program for students who are children of disabled or deceased wage-earners covered by that program are presently about \$1.4 billion, and are projected to increase to \$2.5 billion by 1982. (5) and (6)

As the total number of dollars available for student aid has grown considerably, so has enrollment. Therefore, it is essential to understand the importance of financial aid as part of a student's total means of financing his or her higher education. As reported by the American Council on Education's Policy Analysis Service, over 25 percent of all 1976-77 freshmen received one or more forms of need-based aid administered by the U.S. Office of Education. In institutions with tuitions between \$1,001 and \$2,000, three-quarters of freshmen whose gross family incomes were less than \$10,000 received assistance. (7)

Student aid is undeniably a critical part of students' means to finance their education. The importance of aid to the *institution* depends on several factors, including the total education cost to the student, the family-income distribution of the student body, the degree that the institution is under- or over-enrolled, and the surplus or deficit being incurred. Effective use of aid requires analysis of its role as well as efficient management.

STATE AND FEDERAL PURPOSE

Promotion of equal educational opportunity is the major goal of state and federal student aid. With an "average" or "middle income" student established as a theoretical model, the goal is to make the educational opportunity of all students coming from less fortunate financial conditions equal to that of the average student by providing aid to adjust for the difference.

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The largest award goes to the poorest student, while awards to more financially able students decrease in size. Under the condition of full funding, the combined resources of student aid, family support, and student savings and earnings should at least equal those of the average student. Determination of financial resources for this average student is thus a critical point in fulfilling the goal of equal educational opportunity; if the resources for the average student are set unrealistically low, then this goal will not be achieved. Aid administrators can play a prominent role in determining the level of this average student by collecting data on the cost of achieving equal opportunity at their institutions.

Equal educational opportunity is achieved through access, reasonable choice, and retention. Access is the elimination of all nonacademic barriers that prevent a student from attending an institution of higher education. Reasonable choice means that a student should be able to attend an institution that will provide the best education possible according to his or her academic qualifications and motivation. Thus, if two students with equal ability and motivation but unequal financial resources qualify for and want to attend a particular institution, student aid should be sufficient to allow the financially disadvantaged student to have the same opportunities for attendance as the financially average student. Retention involves providing aid not only to help a student start a higher education, but also to assure the financial means to pursue an education as long as he or she is qualified and motivated.

If access, reasonable choice, and retention are not guaranteed, the aid program falls short of full equal educational opportunity. Many student aid programs, in trying to maximize the distribution of their resources, fail to give sufficient *continuing* support to insure a student's ability to continue his or her education. Institutions should be particularly concerned with retention, since it is to their advantage to attract students who will be able to remain for the full course of study.

Equal educational opportunity appears to have two side effects. The first is stimulation of the academic marketplace by giving sufficient funds directly to the student; consequently, for insti-

tutions to attract students, they must be more responsive to students' educational needs. The second side effect is support of independent higher education, thereby promoting educational diversity. In most cases, the purposes of government-funded aid are compatible with an institution's mission.

EXTERNAL FACTORS

External factors influencing college selection include motivation, which may be influenced by positive parental and peer support, reputation and cost of the institution, location of the institution, makeup of the student body, and offers of student aid.

Although the use of student aid may either eliminate the financial barrier that prevents a student from pursuing higher education or encourage that student to attend a particular institution, no amount of student aid will have an impact unless the student wants to further his or her education. Because motivation to pursue postsecondary education is the key, institutions of higher education must continue to develop motivation by providing appropriate information at critical times.

While the general reputation and cost of an institution are important in influencing college selection, research on attendance has identified three other conditions as being significant. The first is the closeness of the institution to the student's home; the closer the institution, the more likely the student is to apply. The second is the general makeup of the student body; students are more likely to apply to institutions whose student body is made up of students with similar cultural and economic backgrounds and whose ability (as measured by SAT/ACT scores) is generally the same. The third, mentioned previously, is an offer of student aid: students are more likely to attend an institution that makes some offer of student aid than one that does not.

LEGAL CONSIDERATIONS

Student financial assistance is governed legally by the statutes under which it arises, the rules and regulations promulgated under the statutes, the agreements made by the institution

as required by the statutes, the constitutions of the United States and the state where the institution is located, and other state and federal laws, rules, and regulations that may apply to the institution.

The BEOG, SEOG, NDSL, and CWS programs, for example, are federal programs that have their sources in the United States Code. They are implemented through the rules and regulations adopted by DHEW, the agency responsible for administering the programs under the statutes. Proposed regulations are published in the *Federal Register*, and institutions should take advantage of the opportunity for public comment on them before final adoption. Institutions, through their financial aid officers who work with the regulations, should keep abreast of and abide by them. This makes the programs run smoothly for the agency, institution, and student.

An agreement, mentioned earlier, forms the basis of the institution's obligations to the federal government and to the student. Before an institution may participate in a program, the agreement must be signed by or on behalf of the U.S. Commissioner of Education and the chief executive officer of the institution. The agreement, as is the case in any agreement between the affected parties, must be used to resolve any controversy between the parties as to who does what, where, and when. The agreement sets out responsibilities for the maintenance and retention of records and the submission of reports and for the determination of financial need through systematic methods.

The agreement also sets out eligibility criteria for students who receive assistance; for instance, a student must be a citizen or national of the United States, or in the United States for other than a temporary purpose, with the intent to become a permanent resident. Under the terms of agreement for the SEOG program, the institution is bound to make grants available only to those who meet the eligibility requirements and who are of exceptional need; the institution must thus verify that the students awarded these grants meet the criteria. If a student does not meet the citizenship requirements, he or she cannot be granted the award, regardless of need.

If the award is granted to a student who does not meet the requirements, the institution has breached the agreement.

The agreement also states the CWS program requirements that preference be given to students who have the greatest financial need and who meet the eligibility requirements and certain other standards.

There is provision for the U.S. Commissioner of Education to terminate the agreement, after notice and an opportunity for a hearing, should he or she find that any assurances or representations made in connection with the agreement or any application for funds is incomplete or incorrect in a material way or should he or she find failure to comply with the provisions of the agreement.

Whichever program is being administered, the institutional agreement for that program is the touchstone of the institution's responsibilities, obligations, and duties as well as the duties correspondingly owed to the institution.

When legal questions arise, the institution must confer with legal counsel for the institution's guidance. The exact nature and frequency of such consultation depend in large part on the size of the institution and whether or not legal counsel is in-house. Failure to consult, on the other hand, results in the same consequences regardless of circumstances. A legal question that remains unanswered does not fade away. Ultimately the question may be answered in court in a way that is unfavorable for the institution. Consulting in advance may reduce the likelihood of such adverse consequences.

Throughout the chapters and appendixes that follow, legal issues that apply to the topics under consideration are discussed; examples of these are bankruptcy and state residency requirements. However, four legal issues are presented here because of their pervasiveness with respect to admissions and financial aid; these issues are due process, discrimination, privacy, and taxes.

Due Process

While an institution has the duty of complying with federal requirements concerning finan-

cial aid and the determination of who is eligible, such compliance must be accomplished with appropriate regard for the due process rights of students. In 1976, a U.S. district court (*Corr v. Mattheis*, 407 F.Supp. 847 (U.S.D.C. R.I. 1976)) found a violation of student protestors' due process rights when their federal financial aid was terminated without prior notice and hearing. A federal statute provided that persons using force or threatening to use force or seizing property under the control of an institution of higher education or preventing administrators, faculty, or students from engaging in their duties or studies at the institution were disqualified from receiving further federal financial assistance. The students, who had occupied the ROTC offices at a university for several days in a protest against U.S. participation in the Vietnam War and on the final day of their occupation did interfere with the normal functioning of the ROTC office and had to be removed by the campus police, were advised they were no longer eligible for federal financial aid because of the federal statute.

The court held that their continued eligibility for federal financial aid was a property interest and that, before the aid could be cut off because of the protest and the applicable federal statute, they had a right to notice of the proposed action and a meaningful opportunity to contest the applicability of the subject federal statute. An injunction against the university was issued requiring the excision from its records of all rulings by which the ineligibility for federal aid was found.

Discrimination

An institution must file an assurance of its compliance with the civil rights requirements of Title IX of the 1972 Education Amendments and Title VI of the 1964 Civil Rights Act, as well as Section 504 of the Rehabilitation Act of 1973. While these laws are binding on the institution (at least insofar as it wants to continue receiving federal funds), they are not enforced through the U.S. Office of Education and are therefore not contained in the rules and regulations concerning the federal student aid programs.

Privacy

Another federal law of special interest to the financial aid officer is the Buckley Amendment, formally known as the Family Educational Rights and Privacy Act of 1974, and the regulations promulgated under it. Under this Act, students have rights of access to their education record, but this does not include financial information submitted by their parents. While information from the student's education record may not be disclosed to third persons, the institution does have the right to disclose information in connection with financial aid for which a student has applied or which a student has received, as may be necessary for such purposes as determining eligibility of the student for financial aid, determining the amount of aid, determining the conditions that will be imposed regarding aid, and enforcing the terms or conditions of the aid. Where disclosure as here indicated is made, a record has to be maintained, indicating the parties who have requested or obtained personally identifiable information from the education record of the student and the legitimate interests these persons had in requesting or obtaining the information.

No attempt is made here to provide all the exceptions under the regulations to the Buckley Amendment as to who may receive personally identifiable information from the education record of the student without the student's consent; this discussion merely summarizes provisions the financial aid officer needs to be aware of.

Many states have public records laws that apply to state institutions. These laws may require that all official documents in the hands of an agency are open to the public unless there is an exception in the state statutes. In such cases, there may be a conflict between state law and federal law (the Buckley Amendment), which provides for the confidentiality of student records. Of course, many states have enacted "little Buckley Amendments" to overcome such conflict, or had already provided for such confidentiality. However, the financial aid officer is cautioned to be aware of state law in this area and how it interacts with the Buckley Amendment. If there is conflict, the financial aid officer would be wise to suggest that the presi-

dent seek corrective legislation in the state legislature so as to be sure existing state law does not require a violation of the Buckley Amendment that could lead to a cutoff of federal financial assistance, which is made directly to the institution or indirectly through the federal aid to student programs administered through the institution.

HEW matches lists of delinquent student borrowers against other lists, and cooperation is sought from the institutions. To the extent that an institution is concerned about violations of the Buckley Amendment or of state law by providing information sought by HEW, the proposed regulations concerning matching of lists make clear that institutions have the choice whether or not to make the information sought available.

Taxes

Students often need to know the tax consequences of financial assistance available to them. Of course, while the institution should not be guilty of practicing accounting or tax law without a license, it needs to be aware of the general ramifications. As a general proposition, amounts received as scholarship and fellowship grants are excluded from the recipient's gross income. However, one who is a candidate for a degree must include in gross income amounts that represent payment for teaching, research, or other services where these are required as a condition of the grant unless these are required of all who seek the degree. Other criteria apply for one who is not a candidate for a degree (Section 117 of the Internal Revenue Code of 1954).

THE STUDENT AID PROCESS

This chapter has provided an overview of the institutional implications of student aid, which has costs as well as benefits. Administrators must be aware of the effects of both, so that the benefits can be realized to their fullest, yet at reasonable cost. This requires an understanding of the institution's mission, so that student aid reinforces rather than conflicts with that mission.

An understanding of the aid programs themselves is also required. This includes legal restrictions by donors and governmental agencies on the use or awarding of program funds, fiduciary responsibilities in safeguarding, controlling, and accounting for funds, and accurate and timely reporting.

Subsequent chapters treat planning, acquisition of aid, responsibilities of the financial aid office, disbursement, fiscal management, billing and collection of loans, auditing and compliance, and special issues in management control. Throughout these chapters legal considerations and general management controls are treated as they apply to topics under discussion. This manual describes a *process*; the breakdown by chapter simply provides a practical framework to describe that process, while the functions described actually occur simultaneously.

The reader may want to refer to chapter 9, which recapitulates the student aid process, before beginning chapter 2. The entire student aid process is presented at a glance, through charts and check lists, in chapter 9.

Notes to Chapter 1

1. W. Vance Grant and C. George Lind, *Digest of Education Statistics 1977-78* (Washington, D.C.: U.S. Government Printing Office, 1978), p. 132.
2. "Committee Increases 1980 Higher Education Budget by \$167 Million," *Higher Education and National Affairs*, June 8, 1979 (vol. xxviii, no. 23), p. 1.
3. Irene L. Gomberg and Frank J. Atelsek, "The Institutional Share of Undergraduate Financial Assistance, 1976-77," American Council on Education's Higher Education Panel Report No. 42, May 1979.
4. "States Face Pressure from Mid-Income Students," *The Chronicle of Higher Education*, November 27, 1978, p. 4.
5. "Veterans' Educational Benefits: Issues Concerning the GI Bill," Congressional Budget Office, October 1978, pp. 5-6.
6. Budget of the United States.
7. Patricia Smith, Cathy Henderson, and Paula Knepper, "Student Aid: Recipients and Packages," American Council on Education's *Policy Briefs*, July 1978.

Planning and Acquiring Financial Aid Resources

Most institutions can legitimately claim that available sources of financial aid are in no way sufficient to meet the needs of their students. However, it is also fair to say that many institutions fail to adequately plan for and monitor the resources they have. In too many instances, and for a variety of reasons, some of which are outside an institution's control, expenditure of financial aid resources is often a hasty reaction to a specific situation or an ad hoc annual decision rather than implementation of a comprehensive program to which relevant parties have agreed.

INSTITUTIONAL RESEARCH, PLANNING, AND POLICY DEVELOPMENT

Institutional policies serving as the basis for such a program should be grounded in institutional planning and research. While they may be performed on a modest scale, such planning and research should reflect the institution's history and tradition, current situation, and short- and long-term plans. Annual updates allow review of the most current factual information and discussion of refinements and modifications in the overall aid program. Research and planning should answer the following questions:

- Which current external sources of aid (federal, state, municipal, local) are adequate? What is the future of these sources? Are any sources not being pursued?

- During the last five to ten years, what have been the sources of institutional student aid funds (tuition revenue, endowments, gifts, and other sources)? How has the mix of these funds changed? To what extent can the institution's commitment be renewed or increased for the next five to ten years? What are the budgetary implications of choices available to the institution?

- Who are and will be applicants for aid? What is a typical financial aid package for a student? What is the institution's policy for packaging, using grants, loans, and employment? How does the packaging policy or procedure hold up when evaluated in light of such factors as policies at competing institutions, traditions and image of the institution, available internal and external resources, and number of students who apply but are not aided?

- What criteria are used in awarding aid—need, academic ability, standing in high school, graduating class, membership in special interest groups, date of application, or other considerations? Do these criteria fulfill external requirements and institutional goals? Have criteria evolved more or less randomly, or have they resulted from a conscious institutional plan?

- Where does the institution wish to be in the next five to ten years? How does financial aid fit within its overall goal?

- What departments or individuals at the institution are or should be participating in the ongoing development of a plan for administering student aid? What specific activities are

needed to obtain this participation, implement the plan, and monitor results?

Additional aspects of institutional responsibility are covered in chapters 1 and 9, but these are areas that should be explored as part of any institution's approach to student financial aid.

RELATIONS AMONG AFFECTED DEPARTMENTS AND GROUPS

Institutions may differ in their handling of student financial aid planning, but broad policy decisions should be made at the level of the president and governing board. This is particularly true in situations involving expenditure of institutional funds or pursuit of institutional goals. Participation by faculty, academic deans, and students may also be provided through such means as advisory and budget committees.

The day-to-day management of financial aid, however, requires close cooperation among specific administrative departments and among the vice presidents and other senior administrators responsible for these areas; inclusion of relevant departments in the planning process is thus critical. A list of departments and a brief exploration of their contribution to development or implementation of the financial aid plan follows.

• *Financial aid office* has responsibility for administering, awarding, and controlling most, if not all, financial aid funds. It is also responsible for acquiring funds from governmental agencies and, in some cases, from other sources as well. Its staff must observe and monitor financial aid regulations, trends, and issues and recommend appropriate action to the institution. This office should be a major contributor to development of financial aid plans and policies at the institution. It should also be the office most directly responsible for the dissemination of financial aid information to students and other institutional departments (including student counseling in financing of educational expenses, management of financial aid resources, and obligations inherent in certain types of financial aid).

• *Student affairs office* should be involved in the general plan for enrollment and financial aid at the institution. As the office directly re-

sponsible for the well-being of students outside the classroom, it should participate actively in planning. As in the case of the development and alumni offices, the student affairs office may transmit essential information to and from currently enrolled students.

• *Admissions office* is responsible for working with other institutional departments in developing realistic enrollment plans and for executing these plans as they apply directly to admissions. With respect to financial aid, these plans should include the amount and type of aid needed, awarding criteria, and contingency plans to be followed if the admissions yield or the amount of aid accepted exceeds expectations, or if the anticipated funds are lower than planned. Information on admissions plans and strategies in use at other institutions, particularly similar or competing institutions, is also a useful contribution of the admissions office.

• *Registrar's office*, while usually not directly involved in financial aid matters, plays an important part in projecting or monitoring overall enrollment, including attrition and retention data, for the institution. It also provides factual information on specific students (for example, full-time or part-time enrollment status, withdrawal or leave of absence, veteran's status, grades, study abroad, or course overloads). The registrar may also be able to identify student characteristics, such as home town, race, or academic average, that match the restrictions of specific financial aid gifts, thus permitting these gifts to be used more quickly and efficiently. The development of a financial aid plan and the control and management of aid funds both require considerable information from this office.

• *Business office* or one of its components, such as the student loan office, must budget and set up accounts for all financial aid sources, maintain records in conjunction with the financial aid office on expenditure of financial aid, bill the student and record the distribution of financial aid on individual student accounts receivable, prepare numerous internal and external reports, and request cash allocations from outside sources of financial aid. In addition, this office is often responsible for setting up procedures for signing promissory loan notes, coordinating or implementing loan billing and collection proce-

dures, issuing student deferments or postponements when current bills cannot be paid on time, and similar tasks. The financial aid and business offices must be in constant communication and must cooperate effectively if the institution's financial aid plan is to be successful. No part of a plan or changes to a plan should be implemented unless both departments are aware of the items in question and are certain that their roles within the plan can be accomplished. By the same token, the business office is often in a unique position to contribute to development of the financial aid plan itself.

Development and alumni offices have the most direct contact with alumni and other potential donors to the institution and should be included in planning for acquisition of resources. The development and alumni offices should contribute to setting goals and guidelines for the amount and type of funds the institution seeks. These offices and their publications may be used to encourage alumni to donate funds or to repay their student loan obligations; they may also inform others involved in financial aid planning of significant changes in alumni attitudes or perceptions of the institution.

Although the specific role and contribution of these departments obviously differ among institutions, their supervisors all have a legitimate interest in the planning process. Their participation, along with that of the president and the board, helps to insure success of the plan.

INTERACTION BETWEEN THE INSTITUTION AND AID SOURCES

The exchange of information and ideas within and through the institution is of primary importance to planning, but the institution must also maintain appropriate contact with the sources of financial aid. Whether these are individual and corporate donors or state and federal agencies, an effective financial aid plan should include means by which an institution can be apprised of changes that could affect either the amount of financial aid available or the way in which it must be requested or administered. Particularly where competition for

funds is involved, the institution needs to set up procedures to inform donors or agencies of the institution's growth and development, the progress of individual student recipients of financial aid (where permitted by privacy regulations), and the needs of the institution or its students in relation to a particular source of assistance.

As the preceding discussion has indicated, many considerations are involved in developing and executing a financial aid plan; departments and individuals contribute to the plan in specific roles (see chart, "Administrative Relationships," chapter 1). The next section, which assumes the existence of an institutional plan, treats in more detail the processes involved in actual acquisition of financial aid resources.

There are probably as many methods and procedures for applying for financial aid as there are types of aid available. It is helpful to divide sources of financial aid into three general categories and to discuss the procedures involved in applying for aid in each category, as well as to consider institutional decisions, commitments, and other considerations that should accompany any effort directed toward acquisition of financial aid funds.

ACQUISITION OF FEDERAL AID

Campus-Based Programs

The Supplemental Educational Opportunity Grant (SEOG), National Direct Student Loan (NDSL), and College Work-Study (CWS) programs are called "campus-based" because they are the three major federal aid programs that involve allocation to the institution directly from the federal government, to be administered by the institution itself. Many postsecondary institutions in the United States and eligible jurisdictions participate in one or more of these programs. Because of the financial effect of these programs on the institution and its students, most financial aid officers consider OE Form 646 the most important document to be completed in the annual calendar of activities. The application typically is prepared by the financial aid office for submission to the U.S. Office of Education by the president. The cover

and a page from this form are shown in Appendix 2:1.

Historically, preparation of this application required much time and effort. Emphasis was placed on the ability of the institution to calculate and document an overall projected need figure, which would then be covered at least partially by the three federal programs. More recently, however, institutions have had the option to complete an abbreviated and much simpler version of the application, which allowed them to request, as a maximum, a renewal of their approved funding level for the previous fiscal year plus a 10 percent inflationary adjustment.

For institutions applying for funds for the 1979-80 academic year and thereafter, the entire procedure was changed to minimize the amount of time required to complete the application and to eliminate possible inequities of the old system caused by such elements as differences in the panel review process from region to region and the varying quality of the application from institution to institution. The new procedure will be implemented gradually and will pass through a number of stages. In the earliest stage, the majority of funds will be disbursed on the basis of effective utilization of funds for one or more prior periods as evidenced by the federal Fiscal Operations Report for that prior period. As other stages are phased in, the utilization criterion will give way gradually to the criterion of overall institutional need, relative to the need of other institutions, as demonstrated by factual data (as opposed to projected data) on enrollment, cost of attendance, and financial aid resources. These data will be collected on a consistent basis from all institutions as part of the application process. It is expected that state allocation formulas will be modified over time, since they do not relate directly to the need of the state. Some thought is also being given to "grandfather" provisions that would guarantee, if funds were sufficient, a specified minimum amount to all institutions based on their previous utilization levels. Finally, there is a possibility that institutions will be given more latitude in transferring funds between programs in the same fiscal year or perhaps between fiscal years. In any case, this new procedure should

greatly simplify the application itself and will be evaluated and modified at each stage to insure eventual equity and stability in the entire application process.

Regardless of the actual financial aid application process itself, an institution must be aware of some prior considerations. While it may generally be true that each institution should apply for the most funding it can legitimately justify, a number of general questions and a number of questions about specific programs should be discussed at all appropriate levels before the application is completed. A list of some of the major questions follows. For these and all other issues presented in this chapter, each institution should make its own determination as to relevance. When questions are relevant, it should seek a satisfactory answer or resolution.

General

- What is the optimum mix of funds for the institution from these three programs, given such factors as type of funds offered (grant, loan, and work), anticipated amounts available, availability of National Direct Student Loans and College Work-Study to both undergraduate and graduate students, possibility of transfer of funds between certain programs, and other financial aid resources available to the institution?

- Will human, financial, and other resources at the institution be sufficient to properly manage these funds?

- In executing the Terms of Agreement (Appendix 2:2) that govern Title IV programs, is the chief administrative officer of the institution prepared to commit it to the various requirements covered by this document? Are there any institutional policies or philosophies that would interfere with the institution's ability to fulfill these requirements?

- Can the institution fully use the entire amount of funds that has been requested? Full utilization of funds received in a given year is an important consideration to those evaluating an institution's future requests.

- Is the institution heavily dependent on this source of student aid? If so, is there a con-

tingency plan that could be implemented for both incoming freshmen or transfers and upper-class or graduate students if expected funding levels are significantly reduced? Is the institution participating in all three campus-based programs? If not, should this decision be reviewed?

National Direct Student Loan (NDSL) Program

- What level of new federal funds should the institution request? Considerations here are the anticipated opening cash balance in the NDSL fund, the expected loan collections or other income for the year, and the maximum loan amounts permitted by the latest NDSL program regulations for undergraduate and graduate students.

- What are the student debt limits the institution considers to be tolerable or necessary? How do these limits affect the amount of funds to be requested? Does the institution have plans and controls to allow a student to obtain adequate loan funds within these limits for an entire undergraduate or graduate program? Do students receive adequate counseling about repayment, debt limits, and borrowing in general? The answers to these questions should also reflect consideration of loan programs other than NDSL that are available to students.

- In an effort to maximize use of funds, can the financial aid office and business office devise a method for awarding NDSLs or identifying potential recipients in anticipation of late NDSL collections during the fiscal year?

- Can the institution's 1/9 matching contribution to the NDSL fund be obtained easily and deposited promptly? Will the absence of this matching share prevent the institution from requesting the level of NDSL funds originally planned?

College Work-Study (CWS) Program

- Are there sufficient job openings (at a fair rate of pay) and students with need to utilize the level of work-study funds requested?

- Can the institution provide the minimum 20 percent share for all on-campus work-study employment?

- Is the concept of student employment understood and supported at the institution? Is all student employment coordinated at the institution, at least to the extent that departments can obtain other student employees if work-study funds or students are not available?

- Is work-study viewed primarily as a type of financial aid for undergraduate and graduate students and not simply as a means of obtaining low-cost labor? Do job offerings attempt to provide career opportunities for students, both on and off campus, as well as financial support?

- Is the institution able to provide a fair and reasonable hourly wage in light of job descriptions and wage scales at comparable institutions? Are policies in effect to prevent students from working an excessive number of hours, given their academic schedules and award limits?

- In view of the large number of variables affecting use of work-study funds, have appropriate department at the institution established flexible policies to allow for full utilization of funds with a minimum of disruption for the institution and students? Some of the policies would concern ability to modify pay rates or hours worked per week; opportunity to modify starting or termination dates for term and summer work-study programs; availability of a student (or job) waiting list if underutilization is projected; provision for a smooth transition to new funding at the June 30 fiscal year end; 10 percent transfer provisions to and from the Supplemental Educational Opportunity Grant program; possibility of paying subminimum wages if approved; and allowing a student to earn an amount in excess of financial need under certain conditions. As implied, most of these and similar policies should be implemented only when necessary and with sufficient notice to any individuals and departments affected.

Supplemental Educational Opportunity Grant (SEOG) Program

- Will funds from federal, state, institutional, and other sources be available to fully match the SEOG requirement as required by program regulations?

• Will the application for SEOG funds be proportioned between Initial Year and Continuing Year funds (if this distinction is continued) in such a way as to allow for funding of as many eligible students as possible in all undergraduate classes?

• Does the institution have plans and controls for using SEOG funds that insure the potential availability of specified amounts to a student? 1978 program regulations (subject to change in later regulations) allow \$1,500 maximum per year, not to exceed \$4,000 over four years (\$5,000 over five years in some cases). Can a given student expect to receive adequate SEOG funding for an entire undergraduate program, assuming continued eligibility and a sufficient level of funding for the institution?

• How does the 10 percent transfer provision to and from the College Work-Study program affect application for it and for SEOG?

While not all-inclusive, these questions provide appreciation of the issues that should be addressed before completion of the annual tripartite federal aid application, not after funds have been received. Financial aid officers should take the initiative in bringing these issues up for discussion, but the discussion itself will ordinarily involve several departments and administrative officers. The president must participate in making decisions on these issues, which may also involve the governing board, faculty, and students.

Basic Educational Opportunity Grant (BEOG or Basic Grants) Program

The Basic Educational Opportunity Grant program has had a significant effect on students' ability to finance their postsecondary education and on the institutions they choose to attend. Created by the Educational Amendments of 1972, the program was first funded at \$122 million during the 1973-74 academic year and provided for a maximum student award of \$452. In contrast, the appropriation for 1979-80 is expected to be \$2.6 billion with a maximum award of \$1800, and a much larger number of eligible students from families with middle incomes is included as a result of passage and signing of

the Middle Income Student Assistance Act in October and November 1978. Although proper monitoring and control of the BEOG program requires considerable administration at the institutional level, the program is not campus-based in the same sense as the SEOG, NDSL, or CWS programs. Instead, the number of students eligible for and receiving Basic Grant funds at a given institution determines how much BEOG funding the institution will receive. The student applies directly to the federal government for Basic Grant consideration on the basis of need. The application itself may be submitted through any one of a number of documents, none of which requires an application fee. When the student receives notification of eligibility for a Basic Grant on the Student Eligibility Report (SER), he or she presents the SER to the financial aid officer at the institution of his or her choice and the specific amount of the BEOG award is calculated on the basis of cost and length of attendance, enrollment status, and the eligibility index (based on analysis of the data provided by the student) shown on the SER. The institution (usually the financial aid office) is responsible for determination of the BEOG amount to be disbursed once each term or equivalent, inclusion of the BEOG as part of the aid package, communication with the student in cases necessitating correction of information on the SER, at least three progress reports to the federal government each year, an annual reconciliation of the final BEOG expenditure and the students involved, appropriate handling of student withdrawals and other cases involving refunds and repayments, validation of information in cases selected by the U.S. Office of Education or by the financial aid officer, student counseling, and maintenance and retention of all necessary records.

Because the BEOG program is an entitlement, rather than a campus-based, program and thus does not require that an annual application be submitted by the institution, the preliminary questions to be considered are not as extensive as those suggested for campus-based programs. Nevertheless, the following are among the concerns that should be clarified by an institution. Additional questions may be appropriate for a specific campus.

- The BEOG program provides a much more open-ended source of student assistance than campus-based programs: all eligible students are entitled to an award regardless of the eligible institution they choose to attend. What measures has the institution taken to insure that all students (or at least those with potential eligibility) apply for a Basic Grant? Are procedures in effect to follow up on students for whom there is no evidence of a BEOG application or whose application (or SER) has not completed the processing cycle for any one of a number of reasons? These questions are reinforced by federal regulations that currently require an estimated Basic Grant amount to be included in the student's aid package (based on the "eligibility index" generated when the student uses one of several available forms to apply for financial aid), whether the student specifically applies for a BEOG or not.

- Delays may accompany the BEOG application or correction process. Does the institution have a policy for facilitating enrollment or registration of students who are probable (but not necessarily certain) recipients of a BEOG, but who are not yet in a position to receive an actual BEOG award and who may not have other resources for payment of bills? If such a policy is not possible, does the institution at least understand that unavoidable delays in processing BEOG applications may occur because of heavy dependence on student initiative and response and because of the large volume of data that must be processed?

- Are the institution and the financial aid office staff prepared for sudden changes in enrollment, programs, or dollars such as those that may result from the Middle Income Student Assistance Act of 1978 or subsequent legislation? Will all potentially eligible students apply if they are not already required to do so?

- If the institution or some of its programs are not eligible to participate in the BEOG program, is the institution investigating the possibility of becoming eligible?

- How would the institution answer the general questions on campus-based programs as they apply to the Basic Grant program?

Guaranteed Student Loan (GSL) and Federally Insured Student Loan (FISL) Programs

These loan programs, also known as the Higher Education Loan Program (HELP) in some states, provide low-interest (7 percent) higher education loans to interested students through banks, credit unions, savings and loan associations, and other participating lenders. If approved, the institution itself can also act as a lender. The loan is a student (not a parental) loan and is guaranteed by a state or private nonprofit agency or insured by the federal government. In most cases an institution is not a lender and thus the loan, like the Basic Grant, is not directly under the institution's control, although the loan must be processed through the institution for enrollment verification, cost of education, academic standing, and other aid awarded.

A federal interest subsidy, whereby interest is paid by the federal government, is provided on the loan while the student is in school. Formerly, this subsidy was automatic when the student's adjusted family income was under \$25,000, but at \$25,000 or above, demonstrated need was required on the basis of a need analysis performed by the institution before the subsidy could be granted. In need analysis cases where no need was shown, the lender had final authority to override the institution's recommendation to withhold the loan. With the passage of the Middle Income Student Assistance Act in 1978, the \$25,000 income cutoff for a need analysis was removed; now all students may apply for GSLs and FISLs and receive the interest subsidy without a need analysis.

Regulations governing these programs allow the loan to substitute for a student's family contribution, with any portion of the loan in excess of the family contribution counted as a direct student resource. This is an important feature not shared by any other federal program. Because of this latitude, and depending on institutional policy, a student might be allowed to borrow some or all of the family contribution from the GSL/FISL program without jeopardizing consideration for other aid. Of course, the family may still provide their contribution along with the loan, and in such a case the two

resources together may either help to close the gap created if the institution cannot meet the student's full need or provide other financial support needed by the student.

In addition to topics covered earlier in the general questions on campus-based programs, the following points need to be resolved by the institution with respect to these programs:

- What effect will the availability of GSLs/FISLs have on financial aid packaging techniques, especially as some or all of such loans can, according to federal regulations, substitute for a student's family contribution? Should the institution require a student to apply for and receive (or at least try to obtain) a GSL/FISL as a direct source of aid and as a precondition to receiving other aid? Will the institution grant student deferments for such loans in process and, if so, can any possible cash-flow problems be anticipated?

- Does the financial aid office staff communicate with the lender promptly and efficiently during the application process and subsequently in cases involving students' academic status, enrollment status, or withdrawal? Is a current file of banks maintained for student referral, showing address, name of person to contact, bank policies, and other information? Does the institution cultivate good relations with local banks?

- In areas where banks have limited funds, is it possible for the institution to establish an arrangement with one or more local banks where student applications will normally be accepted?

- Would the institution consider becoming a GSL/FISL lender, initially using its own capital, if bank funds were unavailable or insufficient? Is the institution aware of loan warehousing and related opportunities through agencies such as the Student Loan Marketing Association (Sallie Mae)?

- The Middle Income Student Assistance Act could have the temporary effect of precluding some students or income groups for GSL/FISL consideration because funds have become easily available to all income groups. If shortages of these loans occur, what other alternatives are available?

The financial impact of these five programs, which are the major federal programs on most campuses, is considerable.

Other Federal Programs

Several other federal programs are also available. Some of these are institutionally based, while others require that the eligible student communicate directly with the federal government. Some are earmarked for specific groups of students, while others are more widely available. In each case a brief description of the program is provided below, along with an overview of the institution's involvement and responsibility.

- *State Student Incentive Grant (SSIG) Program* provides matching funds on an incentive basis to state scholarship and grant programs that are able to demonstrate incremental expenditures over a prior year. Funds are distributed to institutions and students via the state programs. The institution is responsible for selecting students on the basis of substantial financial need.

- *Nursing Student Scholarship and Nursing Student Loan (NSS and NSL) Programs* provide scholarship and loan funds to needy students in nursing programs. The institution is responsible for a brief annual application and an annual fiscal operations report and must also provide a 1/9 matching share, similar to NDSL provisions.

- *Health Professions Loan Program* provides loan assistance to needy students in specific health professions fields. Institutional requirements are identical to those for Nursing Student Scholarship and Nursing Student Loan programs.

- *Health Education Assistance Loan (HEAL) Program* is very similar to the GSL/FISL program but earmarked for students in certain health professions. An institution can act as a lender but otherwise has responsibilities similar to those of GSL/FISL.

- *Scholarships for First-Year Students in Certain Health Professions Fields* are available to students who have "exceptional financial need."

The institution has some specific responsibilities, including completion of a brief application.

- *Bureau of Indian Affairs (BIA) Grant* requires eligible American Indian students to communicate directly with the source. The institution has minimal responsibilities, but does provide enrollment verification and coordination with other assistance.

- *Law Enforcement Education Program (LEEP)* applies to students who are currently, or who plan to become, law enforcement officers. Both loans and grants are available from the same fund. The institution must complete an annual application (requiring both factual and estimated data) and, once each payment period (term), an expenditure report accompanied by all student application notes.

- *Social Security and Veterans Administration (VA) Benefits* are entitlement programs awarded directly to students because they possess certain characteristics, such as being eligible veterans themselves or sons or daughters of disabled or deceased veterans or of retired, disabled, or deceased workers covered by social security. The institution has varying administrative responsibilities, usually limited to enrollment verification.

- Other federal student aid programs, such as *National Health Service Corps Scholarships*, *Military Scholarships for Nursing and Medical Students*, *National Institute of Mental Health Scholarships*, and *National Science Foundation Grants*, are too numerous to describe in detail. These sources all require some combination of student and institutional responsibility, with only a modest number of students involved at any one institution.

Since most of these special federal programs resemble one or more of the five major programs covered earlier, many of the questions that an institution must consider are similar to those already listed and thus are not covered separately here. The institution must determine how well the program fits into its overall financial aid plan, identify potentially eligible students and encourage or require them to apply, and provide administrative support if it or its students choose to participate.

ACQUISITION OF STATE MUNICIPAL, AND OUTSIDE AID

A second group of financial aid resources for students includes those offered under the auspices of state or municipal governments and those provided by local or "outside" organizations, such as fraternal groups, local businesses, national corporations, high schools, churches, clubs, and labor unions. Although any one of these sources is obviously much smaller than most of the federal programs, the aggregate effect of nonfederal sources, in terms of both dollars and number of recipients, is enormous. A description of each state and other program is beyond the scope of this manual, but classification into broad categories and discussion of management implications for the institution are possible. One logical breakdown involves separating these aid sources into those providing aid directly to the student and those awarding funds to the institution for distribution to the student with, in some cases, responsibility for selection.

Direct Student Aid

Direct aid to students from state, municipal, and outside sources can take several forms, including grants, loans, and less often, employment. Grant awards may be made on the basis of need; academic ability; relationship to a veteran or to a municipal employee, such as a fireman or policeman; place of residence within a legislative district; or physical handicap. Special characteristics, such as academic major, high school attended, church membership, student or parental employment with a certain company, or club membership, may also be used to determine award recipients.

With respect to loan programs, the specific arrangement for a state loan might involve the state as a direct lender or as a guarantee agency for an independent commercial lender. In either case, federal funds are often involved as support in the form of reinsurance. Independent lenders, such as banks, credit unions, and savings and loan associations, ordinarily offer the borrower of higher education loans terms similar to those of direct state lenders, particularly the relatively low interest rate.

Depending on the specific intent of the sponsoring agency, financial aid funds are made available to students who wish to attend public, independent, or proprietary institutions. The aid itself usually takes one of two forms, either actual cash (mailed as a check either to the student or to the institution) or some sort of voucher or waiver system, which is found particularly in certain grant programs. The majority of these financial aid sources have "portability," which means that funds can be taken to institutions anywhere in the U.S. (outside the U.S. in certain cases). Most state grant programs, however, are not portable, since part of the rationale for developing such programs was to encourage interest in postsecondary education in the home state. Portability is obviously desirable from the student's point of view, because it tends to promote both access and choice. In the absence of universal portability, however, some state grant programs have begun to establish reciprocal agreements through which students are allowed to use these funds at institutions outside the state, but only in states that also have a portable program.

In cases involving such direct aid to students, the institution usually has limited responsibility, typically confined to providing information such as enrollment verification, withdrawal data, grades, and reports on academic progress. With regard to developing outside resources, however, it is certainly to the institution's advantage to gather information on types of assistance available and criteria involved in selection of recipients. To the extent that institutional administrative capabilities allow, it may also be advisable to identify students who meet the criteria for various outside or state awards and to encourage or require eligible students to apply for this assistance.

Financial aid awards from these sources are more open-ended than awards from the campus-based programs, since an institution is usually not given a financial ceiling that is not to be exceeded by its students. Ultimately, of course, all programs have a fixed-dollar allocation; receipt of aid by one student at an institution may be at the expense of another student at the same institution. This likelihood is almost impossible to quantify, however, and is certainly no justi-

fication for failing to identify and notify potential student applicants for their own benefit and, in the final analysis, for the good of the institution as well.

Although much work may be involved in administering direct aid to students from state and other sources, actual responsibility for the programs is often minimal; the institution may usually limit its attention to issues such as the following:

- Are administrative departments able to acknowledge and account for awards from these resources, to identify and notify potential recipients at the institution, and to cultivate continued interest of the sources in the institution?

- What possible philosophical differences with outside sources may make it difficult or impossible for the institution or its students to seek or to accept awards?

- Are cash-flow problems possible as a result of untimely receipt of funds at the institution? If so, what will be the resulting effect on the institution's policy of issuing student deferments?

The issue regarding cash flow may be the most serious, since it often emerges with state grant or loan programs and thus affects a large number of students. Institutions experiencing such problems should work with state agencies and legislators to insure well-timed delivery of funds with relation to the typical academic calendar. Meanwhile, the institution needs to consider, consistent with its own policies, the possibility of issuing student deferments to students in attendance whose ultimate receipt of state or other aid can be properly documented.

Aid to Students Through Institutions

Students are assisted in a number of ways by the provision of aid to institutions. Given the overall purpose of this manual, however, this section concentrates on *state* aid that is ultimately received by students in order to help pay postsecondary educational expenses. Direct aid to institutions for capital or operating purposes and similar uses is not covered. Disbursements to the institution from outside sources for redistribution to students are really more in the

nature of institutional gifts and are thus discussed later in this chapter.

The most common types of state aid that might be distributed to a public, independent, or proprietary institution for student financial assistance are grants (in the form of cash or waivers) and matching funds for the various federal programs, particularly NDSL and CWS. Funds to institutions for state loan or work programs are rare.

In applying for grant funds, the institution must usually provide data on enrollment, number of needy students, state residency status of students, other financial aid resources, previous expenditures of state allocations, and the like. The institution should insure that the application is filed promptly, that it is accurate, and that it gives as positive a picture of the institution as possible. An annual operating report for the program is normally required as well.

State matching funds (nearly always in public institutions) for federal loan or work-study programs are typically appropriated on the basis of anticipated utilization. These funds are distributed to the institution by a cash request process or retained by the state in the institution's name.

Several considerations should accompany an institution's participation in programs offered by states. Most of these have been covered in the general questions for the campus-based programs and in the issues highlighted in the section on direct aid to students.

The problem of timing and cash flow is again most important, since the dollar amounts from state programs are often substantial. Public institutions are seriously inconvenienced or even hurt financially when state matching funds are not appropriated at levels consistent with the amount of National Direct (or Nursing) Student Loans and College Work-Study funds available and cannot be adjusted when needs change during the year; when funds are not provided on a timely basis; or when funds are recovered and closed out at year end, despite the fact that the loan programs can be carried forward. Some lack of flexibility for the institution may also result when the state retains temporary or permanent custody of federal or matching funds instead of releasing them promptly to the campus financial

aid or business officer. Finally, delay often characterizes the release of state grant allocations to institutions.

Although legitimate improvements to systems should always be supported, and in fact actively sought, there may be sound fiscal or other reasons why a particular situation or procedure exists in a state. Institutions should provide information to state agencies on ways to improve their aid programs; that is, agencies must be made aware of institutional problems. Modifications are not always possible; when this is the case, institutions should be aware of the effect this will have and should modify institutional plans and procedures accordingly.

ACQUISITION OF INSTITUTIONAL AID

Like those from federal and state sources, financial aid sources from the institution itself fall into three potential categories: grant, loan, and employment. Grant aid usually takes the form of a voucher or waiver of tuition and fees (tuition remission) but can often be converted to cash if necessary. Possible sources of these funds include operating revenue, such as tuition and fees; income earned on investments; or spendable gifts received by the institution on either an ad hoc basis or a regular schedule. Restricted gifts are limited by the donor in some way; unrestricted gifts are left to the discretion of the institution.

Student loans may be funded by the institution's own loan funds but are also often funded from other institutional capital. Loans may be short- or long-term and may carry various interest rates; some institutions have even adopted programs whereby loans to parents are available. Repayment provisions also vary among institutions, including so-called "income contingent" loans, which involve repayment on the basis of the borrower's income in a particular year.

Employment programs resemble the College Work-Study program, but the institution provides the entire amount of the student's salary rather than just a fractional share. Regular employment on the campus ordinarily is limited to less than twenty hours a week to avoid conflict with the student's academic schedule and

problems with fringe benefits resulting from full-time employment, as defined by labor laws. Available jobs differ among institutions but, again, normally resemble College Work-Study employment at the same institution.

From the institution's point of view, the best way to fund financial aid to students is from endowments and gifts, with minimal or no dependence on other operating revenue. The more likely prospect, however, particularly in view of current tuition levels and student needs at all institutions, involves use of unrestricted as well as restricted funds, along with considerable use of operating revenue. Unlike most other financial aid sources, the institution has complete freedom, except in the case of restricted funds, to select the recipient of institutional funds and to indicate the amount of the award, although the continuing influence of the federal and state governments on institutions certainly encourages use of institutional funds primarily for needy students.

Because many concerns mentioned in connection with federal, state, and outside programs are equally applicable to institutional aid, they are repeated briefly here as part of a list more specifically related to institutional funding sources.

- How does use of institutional money fit within the institution's aid policy and plan? If endowment and gift funds are not sufficient, are aid needs projected realistically and far enough in advance to be considered when rates for tuition and fees are set? What is the optimum balance between need for aid resources and desire to keep tuition and fee increases as low as possible? Does the institution realize that an increase in financial aid from operating revenue is in most cases, depending on the type of institution, a four-year commitment? Do procedures exist to provide for increased financial aid when tuition and fees rise? Do students, faculty, and others understand that some tuition and fees are converted back into financial aid at the institution?

- Does the financial aid office receive definitive institutional aid budget amounts from the business office far enough in advance for freshman or transfer, upper-class, and graduate student

awards? Are these funds broken down by category and are any necessary restrictions highlighted? Are institutional aid budgets projected for a four- to five-year period on the basis of a variety of assumptions?

- What criteria are used in awarding institutional funds, especially grant and loan funds? How are these funds packaged (institutional money first, institutional money used only if needed, institutional money used only for special groups, or by other means)?

- For financial aid awards funded from endowments and gifts, especially gifts that are restricted, are the institution and the student recipient in contact with the donor to provide acknowledgment, letter of appreciation, student progress report, or other response? Does the institution refuse endowments and gifts that are in conflict with its philosophy and mission?

- According to the endowment or gift agreement, who selects the recipient of the aid? Does an efficient selection procedure exist? Is there also a mechanism to match restrictions with potentially eligible students (for example, through the registrar's office)?

- Is the institution aware of the *cy pres* doctrine, which can be used in court to seek relief when endowment or gift restrictions are unreasonable or impossible to follow? See Glossary.

- Is there an emergency grant or loan fund for appropriate use on campus?

- Is there a contingency plan (for example, a line of credit) if actual expenditures exceed budgeted institutional funds?

- Do institutional policies and available funds provide for grant aid for new upper-class recipients as well as renewal awards for former recipients? Assuming no reduction in need or change in other award criteria, can a student expect at least the same level and mix of funding (or more if costs increase) for each successive year of attendance?

- How is the breakdown of aid between undergraduate and graduate students decided? Is the breakdown between incoming (freshman or transfer) and returning undergraduates reasonable? How is this determination made?

- How does the use of institutional loan funds fit within the institution's plan for student debt

limits? Can existing institutional loans be re-financed or "warehoused" to provide new loan capital?

- Are students with demonstrated financial need given preference in student employment?

- Does the financial aid office control student employment on campus, or at least get timely information from other departments, for purposes of awarding federal funds (per federal regulations)?

These questions should assist the institution to effectively utilize its own funds and to improve management and control of these funds.

In many institutions, some financial aid funds are not under the control of the financial aid office; it is not uncommon to have academic and other departments involved in administering some types of financial aid. Examples are an emergency loan fund handled by the dean's office or dean of students' office and graduate

assistantships or fellowships awarded through the graduate dean or department chairpersons. Many of these programs have developed out of traditions, and policies should be reviewed to determine the most effective way to administer these funds.

If all aid is not under the control of the financial aid office, a system certainly should be set up through which the financial aid office is regularly informed by the other departments of the amount and type of financial aid distributed, the name of the recipient, and any subsequent changes to the award. In order to adhere to federal requirements prohibiting funding of students in excess of their need, and at the same time provide a central location for all financial aid information within the institution, information on all financial aid resources should definitely be made available to the financial aid office if control of resources is not delegated to it.

Activities and Responsibilities of the Financial Aid Office

The previous chapter dealt with overall planning for financial aid at an institution and with issues and questions associated with acquiring all types of aid. As a logical sequel to these topics, this chapter discusses in more detailed and practical terms the financial aid office's activities and responsibilities, which bear directly on the control function and find their basis in good management principles. As in the rest of this manual, information and suggestions are supported by references to sample documents or other items in the Appendix.

COMMUNICATION WITH THE STUDENT

Although a discussion of good management techniques within the financial aid office covers many topics, communication with the student provides an appropriate beginning. The student's need or desire for financial assistance leads to all the procedures that characterize the "financial aid cycle" at an institution.

The Student's Aid Application

A fundamental ingredient in this cycle is the institution's own financial aid application, which must be completed by the student. Most institutions use one or more of the national need analysis services to provide basic family financial information and related data. A list of need analysis services approved for federal aid purposes is released annually by the U.S. Office of Education. Most institutions, however, will find it advisable and even necessary to obtain addi-

tional information as well. Proper management of financial aid resources requires that they be used optimally: they should benefit the largest possible number of students consistent with institutional policy, guidelines or requirements from individuals or agencies that provide financial aid, and similar considerations. Appendix 3:1 provides an example of an institutional financial aid application. While only one of hundreds of samples that could be offered, the application is reproduced because it shows supplementary information a financial aid office might need to carry out its responsibilities; in some cases, sufficient data may already be available in the institution's computer files or other records. A brief description of categories into which the information on the application may be divided and comments on the purpose served by each section are as follows:

- *Affidavit of educational purpose* is required by the federal government from all recipients of any Title IV (Higher Education Act of 1965, as amended) federal program (Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, College Work-Study Program, National Direct Student Loan, and Guaranteed or Federally Insured Student Loan). By obtaining this affidavit at the application stage, the need to contact the student in a separate process later and to monitor those who receive federal aid for the first time at other points during the year is eliminated. Some institutions, however, may prefer to obtain the affidavit as part of the awarding process.

- *Biographical or status information* confirms some information given on the need analysis document and provides additional information on such items as planned residence; anticipated enrollment status and graduation date; major; church attended, an optional item that may be needed for certain restricted awards; proposed division of the institution; and other factors. These are all helpful in establishing the correct student budget, determining whether to consider the student for certain types of aid, and tentatively planning for aid later in the student's program.

- *Type(s) of aid for which student is applying* provides valuable information in the packaging process, although the final decision on types and amounts of financial aid usually rests with the financial aid officer.

- *Student's dependent or independent status* resembles and can be compared to the three-part definition of (in)dependent status established by the federal government and confirmed by the student on the need analysis document. This information is necessary for the budgeting and packaging process. For other supporting information that may be needed, see "Other Documents."

- *History of financial aid funds received by the student* provides checks on the accuracy of information on current and past financial aid data available elsewhere, requires the student to become knowledgeable about the actual sources of financial aid received, reminds the student to seek renewal of certain types of outside aid, and may reveal sources not otherwise known to the financial aid office.

- *Job placement information* assists in cases involving student employment.

- *Miscellaneous items* provide the financial aid officer with other indicators of financial strength or with information that might serve some particular institutional purpose.

- *Current and expected expenses and resources* help to provide student budget data to the financial aid office by a survey technique and to identify budget items unique to a particular student; assist the student in financial planning by balancing resources and expenses; may reveal resources not otherwise known; can be used for

institutional research projects; and provide an overall analysis of the student's financial situation in a logical format.

- *Description of financial aid programs available* helps to educate the student on the major features of each program and facilitates the student's selection of the type or types of financial aid desired.

Each financial aid office needs a financial aid application tailored to its particular circumstances. Its staff should develop an application to facilitate financial aid office operations and to provide the most useful information possible with minimal inconvenience to the student.

Student Consumer Information Brochure or Letters

The Education Amendments of 1976 specify that institutions choosing to use some of their federal campus-based program funds as an administrative reimbursement from the federal government must first use such funds to fulfill student consumer information requirements. The current limit on this administrative allowance is 4 percent of the SEOG and NDSL funds awarded to students (4 percent of gross compensation in the case of CWS), not to exceed \$325,000 per year for all three programs combined.

The topics covered by these information requirements include cost of attendance, available financial aid, method by which such aid is distributed, application process, criteria for satisfactory progress (including procedures by which a student who has failed to maintain satisfactory progress may re-establish federal aid eligibility), means and frequency of aid disbursements, student rights and responsibilities, refund policy, description of academic programs and physical facilities, faculty, student retention data, loan terms and repayment schedules, terms and conditions of employment, and persons designated to provide additional information.

Although many institutions were already providing most of this information in college catalogs or other documents, many financial aid offices have responded to these new regulations by developing additional literature. Whether in the form of a financial aid brochure, an instruc-

tion or information letter to accompany the student's aid application, or some other document, use of such factual data is helpful to the student. The literature informs him or her about financial aid sources and procedures, provides information on student rights and responsibilities, and presents facts about financial aid office policies.

Effective communication with the student is essential for efficient management of financial aid. For example, it is advisable for an institution to maximize the resources generated from "outside" sources by requiring the student to apply for funds such as the Basic Educational Opportunity Grant, state scholarships, and the numerous fraternal or local grants. The financial aid brochure or information sheet could be used to explain this requirement and, if necessary, the reason for it. Documents might also be used to provide initial orientation to a loan recipient as to repayment obligation, typical periodic amount to be repaid, and process by which repayment amounts are utilized for the benefit of other students. Finally, appropriate literature could be developed to inform students about deadlines or other dates during the upcoming academic year that applicants or recipients would be expected to remember.

The financial aid officer needs, then, not only to develop sound policies and procedures, but also to convey these and other items of necessary information to the student applicant. Illustrations of documents that might be used by the financial aid office for this purpose are contained in Appendixes 3:2a-c.

Financial Aid Award Letter

The award letter is the third essential element in communicating with the student. To fulfill federal requirements and to provide an important information and control link, the award letter should be used to notify the student of the type and amount of aid to be received, to obtain a signed acknowledgment of the award or other notification of receipt or acceptance, and to provide factual information about program requirements, student responsibilities, institutional policies, and deadlines. Some of this information may be transmitted for the first time

through the award letter, while other items may be reminders of facts previously given in a brochure or on an information sheet. It is important that students, especially freshmen, be informed as early as possible of their award. A sample award letter, including acknowledgment form and related informational material, is contained in Appendixes 3:3a-d.

Other Documents

Previous sections described some paper forms important to help insure adequate control over the financial aid process and better management of resources. Yet these are by no means the only occasions when communication with the student is advisable or necessary. Many facts need to be communicated and recorded to protect the student or institution and to facilitate follow-up by other staff members or by auditors, who may select and examine the case at a later date.

In most institutions much of this written communication is done by form letter rather than by individual correspondence. While the use of somewhat impersonal form letters may be regrettable, good aid procedure and documentation require written records, with one copy going to the student and another being filed in the student's folder. Below is a partial list of form letters that the financial aid office may find helpful in specific situations and a brief description of the use of each form. Office staff should recognize a situation that calls for a certain type of letter and should be willing to develop a document to fit each occasion. The sample forms described here are given in Appendixes 3:4a-n, while forms more specifically related to verification of financial or other information are discussed in the next section of this chapter.

- *Student's statement of financial independence* (Appendix 3:4a) asks both student and parent to verify that the three conditions for independent status, as defined by the federal government, were in effect for the three-year period required. The statement must be signed by both student and parent and notarized.

- *Financial aid transcript* from student's former institution(s) (Appendix 3:4b) is a standard form developed by the National Association of Student Financial Aid Administra-

tors, although some institutions use their own version of this form, which is designed to collect information on student status and all types of financial aid received by the student at any former institution. The use of this form, or some equivalent process, is essential in determining the student's remaining eligibility for certain programs and in developing financial aid packages at the current institution.

- *"Missing items" letter* (Appendix 3:4c) notifies the student of documents missing from his or her application and may also be used to convey other relevant messages dealing with the application process.

- *Late "missing items" letter* (Appendix 3:4d) is a second notification of missing items, sent after the date when a student could still be considered for an award that would be made prior to the beginning of the next term. The letter indicates items still missing from the student's folder, provides options for initially financing the next term, and encourages the student to report unusual or extenuating circumstances to the financial aid office.

- *Information letter to accompany financial aid award letter* (Appendix 3:4e) is used by the financial aid office to convey to aid recipients specific items of information that do not lend themselves to inclusion in the award letter itself or that further explain data provided in the award letter.

- *Option letter to offer student type(s) of aid other than those for which the student applied* (Appendix 3:4f) polls the student, in cases where he or she will not initially receive an award letter, as to interest in types of assistance available other than those for which he or she applied. As an intermediate step prior to sending an award letter, this letter is used to reduce the number of cases in which financial aid offered may be misunderstood or rejected by the student because it is a type of aid for which he or she did not originally apply.

- *Denial of aid due to lack of funds, absence of need, or other factors* (Appendix 3:4g) informs the student that no aid can be awarded under current conditions but encourages the student to request reconsideration if circumstances change. The letter should also provide the stu-

dent with names of other sources of funds that might currently be available and transmit other procedural information similar to that on the two previous letters.

- *Denial of aid due to change in student's status or receipt of other aid* (Appendix 3:4h) is used to acknowledge the student's application but conveys denial of financial aid because the student has withdrawn or is known to be funded adequately from another outside source.

- *Complete list of dates and deadlines* to accompany award information letter, option letter, or denial letter (Appendix 3:4i) provides a list of relevant financial aid dates and deadlines for the academic year in question. It is included with all appropriate mailings to students.

- *Letter to provide detailed consumer information on the Guaranteed or Federally Insured Student Loan Program* (Appendix 3:4j) is handed out or mailed to students interested in more detailed information on the requirements and practical procedures associated with the Guaranteed or Federally Insured Student Loan Program.

- *Letter to inform student of potential availability of a particular outside scholarship, grant, or other type of aid* (Appendix 3:4k) is used to inform specific students of a certain type of aid for which they may qualify as a result of particular characteristics or eligibility requirements they may have. It can be used for describing financial aid sources known to the financial aid office but not necessarily to the student.

- *Letter to provide information on student's costs and financial aid to outside agency at student's request* (Appendix 3:4l) provides specific information on the student's cost of attendance and financial aid received for cases where such information is required by an outside scholarship agency, food stamp or welfare office, or other organization.

- *Letter to request application fee waiver from another institution or agency* (Appendix 3:4m) is used primarily for the benefit of high-need students to inform another institution or agency of the student's financial status and to request for the student an application (or other) fee waiver if the institution's policy allows for this service.

• "Student Consumer's Guide," published by the U.S. Office of Education (Appendix 3:4n), describes the five major federal programs (Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, National Direct Student Loan, College Work-Study, and Guaranteed or Federally Insured Student Loan) and contains a list of general student rights and responsibilities for all federal aid recipients. This list could easily be supplemented by other rights and responsibilities about which the financial aid office wishes to inform the student.

Financial aid office staff should keep a supply of forms available to use and to provide a basis for periodic update or modification to cover new situations.

VERIFICATION OF FINANCIAL INFORMATION

If all types of financial aid are to be distributed optimally for the benefit of the maximum number of students, need-based financial aid must be disbursed on the basis of a need analysis that is as accurate as possible. Since the need analysis is only as good as the information it employs, however, all financial aid officers should do everything possible to insure the accuracy of student- and family-reported data. There is a significant percentage of cases in which students and parents misinterpret instructions on need analysis forms that collect necessary financial or other information; there are also many cases in which data is deliberately misreported. In most such instances the errors work to the advantage of the student, but in some cases the student is penalized.

To protect student, family, institution, and financial aid resources against such situations, and at the same time to demonstrate good management skills to agencies providing these resources, the financial aid officer should use every means available to verify financial aid information, either before the final award is made or at some other appropriate point in the financial aid cycle. Financial aid officers disagree less about the need for verification than they do about the feasibility of accomplishing it within the framework of available budget, staff, and time; how-

ever, this does not put the question of verification to rest. Rather, it points out the need to verify information and, at the same time, to make the resources such a process requires known to appropriate parties, including institutional supervisors or budget committees, representatives of federal and state agencies, members of Congress, and other agencies or individuals that provide financial aid assistance.

A number of effective techniques and documents facilitate verification of student or family financial and related information. Some common procedures are briefly described here.

Taxable Income

Although taxable income may be verified in a number of moderately successful ways, such as comparing need analysis form with prior-year form or current-year Student Eligibility Report (SER) from the Basic Educational Opportunity Grant program, collecting W-2 forms to verify salaries and wages, or collecting state tax return, the most valid source of information is undoubtedly the federal income tax return (Form 1040 or 1040A) of the student/parent for the most recent calendar year. For this reason, and because of possible misuse of financial aid resources in the absence of accurate family financial data, collection of the federal income tax return on a regular basis is strongly recommended; the specific schedule should be at the discretion of the financial aid officer, based on institutional variables. Collection every year from every student, all sophomores and seniors, a random sample of all students, or some other appropriate selection, is possible.

The tax return itself could be obtained from the student/parent or directly from the Internal Revenue Service (IRS) using Form 4506 (Appendix 3:5), although delays often result when dealing with IRS. Some institutions collect a student/parent copy of the return along with a signed Form 4506, which allows an official copy to be obtained later at the discretion of the financial aid officer. The copy obtained from the student/parent could simply be a photostatic copy or could, in addition, be notarized by the student/parent. In the latter case, a notarized signature below the tax return statement (attest-

ing to the accuracy of the data provided) generally provides additional assurance that the tax return is a valid copy of the one provided to IRS.

Although the student/parent signs a certification statement on the need analysis form that permits the financial aid officer to request the tax return or other data, it is certainly advisable to inform the student about institutional procedures in effect regarding this verification process. This can be done in a number of ways, including the financial aid brochure or information sheet.

With the cooperation of need analysis services and the federal government, it may eventually be possible to verify taxable income data centrally rather than at the institutional level. This option obviously offers advantages and may be feasible if cost, confidentiality, and administrative problems can be worked out.

Nontaxable Income

Nontaxable income can also be verified somewhat successfully by comparing the need analysis document with other information on file in the student's folder. A more effective method, however, requires the financial aid officer to obtain verification, from the specific agency involved, of all known sources of nontaxable income. A sample of a form that may be used for this purpose is contained in Appendix 3:6.

The most common types of nontaxable income include social security benefits (including those of the student), welfare benefits, child support, unemployment compensation, worker's compensation, and certain veteran's benefits. Also included in the nontaxable category are such sources as interest on tax-free bonds, untaxed portion of pensions or capital gains, and military or other subsistence. Although some information on these types of income may appear on the tax return, this is generally not the case; a separate means of verification is thus necessary.

Other Information

As in the case of the two previous categories, it is sometimes possible to verify information such as assets, family size, and student dependency

status by using other sources already in the student's folder. Generally, however, additional proof must be obtained to properly accomplish verification. Although documents such as statements from banks, real-estate agents, or stockbrokers may occasionally be necessary, an indication of the existence of assets can normally be found on the federal income tax return by looking at interest income, dividend income, gains and losses from capital transactions, rental income, or similar figures. If this is the case, additional verification steps may be taken as dictated by the specific situation.

The federal income tax return may also be a source of verification for student dependency status and for family size. If this information is not available on the tax return or is not completely satisfactory, additional documentation, such as the statement of independence shown in Appendix 3:4a, may be necessary.

Follow-up for Discrepancies

In most cases, discrepancies can be detected as a result of the financial aid officer's expertise and familiarity with the aid process. Charts showing how to compare data elements on the federal income tax return with information on the need analysis document are also helpful. They are usually provided through need analysis services or financial aid associations.

Once a discrepancy has been discovered, the financial aid officer usually has the option of recalculating the student's need or following up with the student/family for more information. In some cases a combination of both procedures is appropriate. When follow-up with the student/family is required, a form letter may be used to obtain information on discrepancies as well as other data pertaining to a specific case. An example of such a form appears in Appendix 3:7; it provides space for pointing out apparent discrepancies in the need analysis document as well as apparent errors on the Student Eligibility Report from the Basic Grant program.

Validation Procedures for Basic Grants

The BEOG program is the only federal program that currently has a specific validation

procedure set up for certain cases selected by the U.S. Office of Education. A comprehensive, detailed explanation of this procedure appears in the *Validation Procedures Handbook* (dated December 1978) distributed by the Office of Education, although the actions described there are similar to those indicated previously.

The interest of the federal government in verification of information is evident from the Basic Grant validation procedure and from proposals or guidelines for improving financial aid administration. The financial aid officer is strongly encouraged to share this concern for verification of information to insure good management and control of aid resources.

FINANCIAL AID PACKAGING

The purpose of "packaging" is to provide students with an appropriate mix of funds distributed in some optimal way based on amount and type of funds available, requirements of various funding sources, characteristics and needs of student applicants, institutional priorities, and similar factors. Because the packaging policy is based on such criteria as characteristics of applicants and priorities of institutions, decisions concerning the policy must be made at a high level. Packaging conveniently allows the financial aid officer to monitor and to control the expenditure of financial aid resources. Following are the major topics affecting implementation of packaging.

Developing Student Budgets

Responsibility for developing student budgets that are both equitable and realistic rests with an institution's financial aid officer. The budgets should include adequate provision not only for direct costs for which the student is billed by the institution, but also for other necessary educational expenses, such as off-campus room and board (including board for the commuting student), books and supplies, transportation, medical coverage, clothing, recreation, and other personal expenses. The number of budgets that need to be developed differs among institutions, but enough different budgets must

be developed to accommodate the various categories of students in attendance.

Assuming that family financial information is reported accurately, as discussed in the preceding material on verification, reasonable budgets are needed to calculate an accurate need figure for the student (student budget minus family contribution equals student need). The importance of good budget data is thus evident. Information that allows the proper development of budgets can be obtained from a number of sources, including surveying students at the institution; obtaining the information via the student's aid application (Appendix 3:1); comparing the institution with others of similar type in the same geographical region; checking with faculty experts or other local sources, such as bookstore manager or rent board; and obtaining summary statistics on cost of living from various state and federal agencies. The National Association of Student Financial Aid Administrators (NASFAA) has published a book, *A Handbook for Use in the Preparation of Student Expense Budgets*, which discusses all aspects of the student budgeting question.

Need Analysis

As indicated earlier, most institutions use one or more of the approved national need analysis services to obtain necessary information on the student's family and its contribution. The family contribution is calculated from information on income, assets minus debts, family size, number of children in college, and other factors. This data is provided on a form completed by parents and/or student and sent to the need analysis service for processing. Adjustments to the family contribution may be made by the financial aid officer after finding incorrect information during the verification process, when family financial circumstances change, or in special or unusual situations. In some cases, the financial aid officer calculates the family contribution initially, particularly when a student would be seriously inconvenienced by the processing time normally required by the need analysis service.

Since an accurate and fair determination of student need is essential, the need analysis form

must collect as much relevant financial, family, and support information as is reasonably possible. The form should also cross-reference within itself as much of this information as it can in order to assist the financial aid officer in evaluating the student's case. For example, family size and number of children in college should be supported by names and ages of family members and a list of schools attended; both the purchase price and current market value of major assets should be listed; and income data for more than one year should be provided.

The need analysis form renders a great service to the student and the financial aid officer when it contains as much useful and internally consistent information as possible. Supplementary information needed to make a sound judgment on the student's case can be obtained on the student's application for financial aid, during the verification process, or by using some other follow-up technique indicated by the particular situation.

Packaging Methods

If all sources of financial aid consisted of "free money" or gift aid in the form of grants, packaging would be unnecessary because the only decision to be made would be how much aid to give each student. Since this is not the case, however, a packaging method is necessary to break down a given financial aid amount between gift aid and self-help (loan or job) sources. A description of the major techniques of packaging follows.

- *Gift aid followed by self-help* uses the student's family contribution and certain types of entitlement grant aid, such as BEOGs, VA benefits, and social security, as the first layer of the package, followed by additional gift aid (grants) from one or more sources (either a flat amount for everyone or a certain percentage of need) and finally by self-help assistance up to the level of need.

- *Self-help followed by gift aid* again uses the student's family contribution and certain types of entitlement grant aid, as mentioned above, as the first layer. The second layer is from self-help sources (usually the amount designated by the financial aid officer as the "self-help

expectation" for each student, perhaps according to class), and the final layer is from one or more gift aid sources up to the level of full need if funds are available.

- *Equity packaging* attempts to give all students a so-called "equal running start" by providing enough gift aid sources (along with family contribution and Basic Grant or other entitlement funds) in the first step to bring all students up to a predetermined dollar amount (for example, \$4,500 on a \$6,000 student budget) or a predetermined percentage of the student's budget. Then self-help or other resources are used to cover the rest of the need.

In all three models, institutions without sufficient funds of any type to meet full need may introduce an additional element into the process, an amount of underfunding or "need gap." This need gap might be used for all students or only for those in certain categories, and would probably be introduced as part of the first packaging step.

It would be an extreme oversimplification to suggest that these three techniques are clearly distinct from one another or that a particular institutional strategy resembles one model more than another. On the contrary, an institutional packaging "method" usually results as much from available funds, institutional policy and philosophy, and the requirements of individual aid sources as from an attempt to adhere to one of the three groupings described.

The federal Supplemental Educational Opportunity Grant program, for example, requires that students receive these funds only if, in the opinion of the financial aid officer, the student could not attend the institution without this assistance. Some scholarship gifts to the institution or outside scholarship sources have a similar "last resort" provision. Guidelines such as these must be taken into consideration as part of a packaging method. In addition, the various need analysis systems are by no means so exact as to give a precise measurement of a family's ability to contribute toward higher education. This fact, combined with the psychological or "value" dimension of higher education (the desire to attend one institution over another regardless of the sacrifice involved), makes pos-

sible the existence, by design or by necessity, of reasonably effective strategies, although they may not ordinarily meet full need as analyzed. This is an important phenomenon.

Other Considerations

Additional factors affect the way in which a packaging method is finally developed. The institution or financial aid officer must answer these questions:

- With respect to aid distributed on the basis of need, does the institution have the desire and resources to meet the full need of every student? If not, what percentage of need will be met, or will this percentage differ depending on a specific attribute of the student, such as need, class, cumulative debt, or academic rating?

- Does the institution seek to attract students with a particular skill or characteristic, such as minority status or academic, athletic, or musical ability? If so, will financial aid recognizing this skill be provided within the overall framework of need, or does the institution choose to award no-need scholarships for students in certain categories? In either case, what are the consequences of this decision? That is, how will special grants or scholarships be incorporated into the need-based packaging policy or how much institutional funding will be utilized for no-need scholarships at the expense of assisting other students with need?

- Should the packaging policy be exercised on a first-come, first-served basis, or should some provision be made for late applicants who are expected to fulfill the need or other awarding criteria? If some aid is made available for late applicants, at what point in the financial aid cycle does holding out such funds become unwise or administratively unfeasible?

- Should an academically marginal student be asked to accept a loan obligation or part-time job before a reasonable determination of academic success can be made? In other words, is it fair to obligate a student with a loan debt when the student may shortly find it necessary to withdraw, either voluntarily or otherwise? Again, should the same type of student be asked to work during the school year when the hours

involved might more productively be utilized in academic pursuits?

- In the packaging process, should special consideration for gift aid be given to students who have accepted or been forced to use excessive loan indebtedness or excessive employment to finance their education?

- How can the financial aid officer insure that students will apply for as many outside aid sources as possible, thus reducing the need for various institutional financial aid resources to be used?

- Is it necessary for an institution to adopt a packaging method or strategy in the first place? Are there advantages in making a financial aid award to each student on an individual basis, taking into consideration the unique circumstances in each case?

These and similar questions illustrate that a final resolution on the question of packaging often requires considerable time and thought and involves participation at several administrative levels, including the president. It is impossible to advocate one packaging method over another because so much depends on particular institutional variables. The institution should, however, be aware of the positive effects of packaging on good resource management and should develop a final strategy, in writing, with full consideration of its rationale, cost, and consequences.

Later Packaging Adjustments

Regardless of the methods by which financial aid is awarded, procedures must provide for adjusting the amount and type of aid at a later date. Receipt of unanticipated aid by the student, changes in family financial circumstances, the student's inability to fulfill conditions of the award, increase or decrease in available funds, or legitimate changes to the student's budget might necessitate adjustment. In some cases the student might initiate the adjustment process by communicating with the financial aid office. In nearly all cases, however, the financial aid officer should acknowledge the resulting transaction to the student, preferably by means of an award letter or some other written form;

recover or disburse any funds involving the student; and re-award any recovered funds to other students, depending on the circumstances involved.

Adjustment to financial aid awards takes place on a daily basis in nearly every financial aid office. Following are brief descriptions of documents that could facilitate record keeping and control in the adjustment process. A copy of these and similar letters should always be kept on file for reference.

- *Request for aid review* (Appendix 3:8a) gives a student the opportunity to appeal his or her financial aid award using new information or to request knowledge of the rationale for the original award. The form requires the student to formulate specific reasons for the appeal and also provides for a written response by the financial aid officer.

- *Adjustment letter due to receipt of outside aid* (Appendix 3:8b) accompanies a revised financial aid award letter and informs the student that an adjustment in the financial aid package was made due to receipt of outside aid by the student.

- *Adjustment letter for reduction in or termination of College Work-Study* (Appendix 3:8c) accomplishes a purpose similar to that of the preceding letter, but specifically involves CWS and need not necessarily be accompanied by a revised financial aid award letter. Multiple copies of the letter are involved, since the student's CWS supervisor, among others, should be notified.

- *Notification of pending loan cancellation* (Appendix 3:8d) informs the student that he or she failed to sign the promissory note for one or more types of loans and thus faces cancellation of part or all of this loan assistance. Provision is made within the letter for a reply by the student regarding extenuating circumstances and regarding receipt of the second-semester portion of the loan.

- *Notification to lender of student withdrawal* (Appendix 3:8e) notifies a bank or other outside lender that a student has withdrawn or taken a leave of absence and thus allows the lender to take appropriate follow-up procedures. A copy

of this letter can also be forwarded to the student.

RECORDING AND MAINTAINING AID DATA

For proper control of resources, the financial aid office must have an effective record-keeping system. Such a system provides a means by which a variety of internal and external reports can be generated in response to the demands of others or the desire of the financial aid office itself for relevant research. For example, both federal student consumer requirements and the anticipated shrinking enrollments of the 1980s are causing all institutions to be much more conscious of student attrition and retention; research in these areas is becoming increasingly important. The section of this chapter called "Interaction with Other Departments and Agencies" lists interrelationships with departments or agencies that assist in record keeping. The remainder of this section covers information needed by the financial aid office and systems or procedures that help in obtaining this information.

Typical Information Needed

- Current and historical biographical; demographic; and academic, enrollment, or other status information on all students, or at least financial aid applicants (for example, previous addresses and references for loan collection).

- A list of all students who applied for aid, the forms they filed and when, and the forms they failed to file.

- Information on the status of any student's application at any time and the decision made on each case.

- Each student's current aid package and periodic information on each loan recipient's indebtedness.

- Funds received at this institution in previous years by the same student.

- Funds received at other institutions in previous years by the same student.

- Totals expended to date (and projected for fiscal year) by program, with frequent updates; this item is critical to control and should in-

clude detail by student, detail within program (opening balance plus receipts minus disbursements equals ending balance, for example), and final total expenditures (actual) vs. projected or budgeted amount.

- For each type of grant, amount offered vs. amount accepted, including breakdowns such as by class, major, school, and special group.
- For each loan, amount offered vs. amount accepted vs. amount actually signed for (in a promissory note), including breakdowns as mentioned for grants.
- For employment, amount offered vs. amount accepted vs. amount earned, including breakdowns as mentioned for grants.
- Information on all other aid distributed or administered by another office, including assistantships, fellowships, awards, emergency or short-term loan funds, regular employment, outside aid received by the business office but not by the financial aid office, or Guaranteed or Federally Insured Student Loan amounts received at the business office; this data should include student's name, identification number, and amount of award.
- Reports of expenditures to serve a number of internal and external purposes, including those by income level, need, race, parent's contribution, sex, class, major, school, dependency status, or geographical location.
- Frequent updates of this data to monitor adequately during the year and to determine size of financial risk.
- Historical data (of the same type as that listed above), to obtain continuity of data, analyze trends, and project into the future.
- Documentation of special student cases or situations in the financial aid office.

Procedures Needed

- Written procedures for major office activities, for purposes of internal consistency and follow-up by others.
- Written job descriptions, table of organization, work flow chart, and master calendar for financial aid activities.
- A logical and convenient filing system for

all records of current students (alphabetical by undergraduate or graduate status or alphabetical by school, for example) and all records of former students, which might be stored or put on microfilm; applications or folders might be color-coded to facilitate easier identification.

- A logical and convenient filing system for all program records, departmental correspondence, current and historical reports, and other sources of information.
- A roster or other means, such as providing space on the student's application, by which a cumulative record of all forms filed currently by each student aid applicant can be maintained.
- A chart of accounts that assigns a unique account number to each financial aid type or grouping to facilitate proper monitoring in both the business office and the financial aid office.
- Individual student record-keeping documents, including permanent or annual student master card (Appendix 3:9), which could also be used to record or document interviews and special circumstances and to enter data into a computer system; documents, located in the office or easily accessible elsewhere, that contain the latest biographical, demographic, and status information on each student; and financial aid transcripts or equivalent records of aid received at former institutions.
- A manual or computerized system capable of providing a variety of reports and other data, such as those referred to in "Typical Information Needed." Institutions lacking the need or capability for a full computer system can still use the computer to provide some services and data, including mailing labels, student rosters, and total expenditures by program (with or without breakdowns by student), as recorded in the business office.

- A manual or computerized system that can transmit financial aid information quickly and accurately to all relevant departments, especially the business office, to expedite the disbursement process and subsequent reconciliation of awards vs. expenditures.

- Clear lines of communication with on-campus departments and certain off-campus locations.

THE FRESHMAN AND UPPER-CLASS FINANCIAL AID CYCLES

The financial aid awarding process for incoming freshmen is usually part of the admissions cycle and differs greatly from the related process for upper-class students and others. For control purposes it is important to coordinate these cycles, not only in fairness to the students involved, but also because of the budgetary effect of enrollment and financial aid on the institution.

In most cases the freshman financial aid cycle occurs before the upper-class cycle, usually during the first four or five months of the calendar year in traditional four-year institutions. Since this is ordinarily a time when federal funding and perhaps other sources of funding are not yet known, the cycle necessarily involves a number of risks for the institution. Overexpenditure of funds, a major risk, can occur for at least two different reasons, one involving a higher yield than anticipated on the number of students accepted and the other involving a higher than expected financial aid yield. In most admissions cycles, one or both of these factors can create serious problems for the institution.

One way of handling these difficulties is not possible for institutions operating on a "rolling admissions" basis because it involves obtaining replies from all students accepted during the first phase of the cycle before notifying other students during successive phases. These institutions must seek other alternatives and might consider the following procedures: set aside a fair share of institutional funds for incoming students (freshmen and transfers) and inform both admissions and financial aid offices of these amounts during the previous fall or, in any case, no later than January 1; attempt to predict federal funding levels for the forthcoming academic year as accurately as possible and set aside a fair share to be allocated to incoming students; frequently calculate and project both admissions yields and financial aid yields as the admissions cycle progresses, modifying admissions and financial aid activity if appropriate; utilize a waiting list for both admissions and financial aid as a hedge against underenroll-

ment; and develop a contingency fund or plan in case of overexpenditures or overenrollment.

Previous experience at the institution and the intuition of admissions and financial aid staff are invaluable during this process, which does not lend itself to a strictly mechanical approach. The financial aid office may also wish to consider a disclaimer on the award letter, such as "final award depends on final funding levels" or "awards not final until accepted in writing by the student," to the extent that such a disclaimer is fair to both the institution and the student.

Upper-class financial aid activity operates on a more traditional financial aid cycle, and may also involve transfer, graduate, and special students, as well as upper-class students. The cycle occurs later in the calendar year (usually in late spring or early summer for typical institutions) and therefore benefits from availability of more funding information. Since most financial aid applicants during this cycle are returning students, the financial aid office is usually concerned not with student yield per se but with retention of students and, as in the freshman cycle, must also be aware of the danger of overexpenditures.

With respect to control mechanisms, the financial aid office should have budgets for institutional, federal, and other funds, adjusted as necessary, but not too drastically, for freshman expenditures already committed by the institution. In addition, the financial aid office should monitor expenditures frequently, use a waiting list, have a contingency plan available, and use previous experience and intuition, as suggested above for the freshman cycle.

Since upper-class financial aid awards are usually not made on a rolling or continuous basis, the financial aid office can generally compute preliminary totals before mailing award letters; this is obviously a valuable step in the entire process. Nevertheless, upper-class financial aid awarding has its own share of problems, including (1) making provision for late applicants who, on the one hand, should be penalized but, on the other hand, may not be in a position to return to the institution without financial aid; (2) meeting the understandable

expectation of students for at least the same amount of financial aid received in preceding years (assuming fulfillment of award criteria and no change in family circumstances) or perhaps more aid in light of cost increases, superior academic performance, or other factors; and (3) setting aside enough projected or actual funds to make aid adjustments or new awards (in light of changing circumstances) during the year to all four undergraduate classes plus graduate students or other groups.

Expenditures by program must thus be monitored on at least a monthly basis throughout the year, not simply during the initial award cycle with only occasional updates in later periods.

Financial aid overexpenditures warrant serious consideration because of their potentially devastating effect, but underexpenditures may also cause significant problems for the institution, particularly over the long run. Federal aid programs are directing more attention to utilization of funds during prior years and penalizing institutions during a future application period if utilization has been low, usually under 90 percent. Similarly, certain of the institution's own programs (including endowments and gifts) or outside programs administered by the institution may have an anticipated expenditure level that the institution is required or strongly encouraged to meet.

The current ability to transfer some federal funds between the Supplemental Educational Opportunity Grant and College Work-Study programs, and the possibility of modifying or expanding this ability in the future, do provide some latitude for the financial aid officer attempting to use funds intelligently. Similar options may exist for some other aid programs. Nevertheless, in the final analysis, the financial aid officer is responsible for exercising enough skill and judgment in the entire spending and monitoring process to prevent excessive overexpenditure or underexpenditure from taking place; despite the many regulations and mandates to be followed, financial aid administration is more of an art than a science.

COUNSELING

In general, there are two types of financial aid counseling; like all counseling, both require sufficient privacy and space. The first type, although helpful and necessary, is not directly related to management and control of financial aid resources. It involves working with a student or family who has experienced unexpected financial or personal difficulties that affect the student's ability to pay bills or remain in school with his or her existing aid package. In many cases, after receipt of sufficient documentation, the financial aid officer is able to assist the student at least partially in obtaining other financial aid resources.

Because the second type of counseling in the financial aid office serves more of an educative function for the student, it serves as a means of financial control for the institution. Included in this category of counseling are ongoing financial planning and advising, explaining rights and responsibilities with respect to financial aid, outlining obligations to students who receive loans or employment as part of their financial aid package, explaining financial aid office policies to those affected, working with local high school counselors, and developing an individualized financial aid package for students with special circumstances. The financial aid officer uses this type of counseling to develop the student's awareness about financial aid from the very beginning of the process, with the entrance interview. In the banking community, a lender begins the process of collecting a loan at the time a loan is made. In the financial aid community, an officer can use good counseling, as an education and control function, to accomplish the same purpose.

INTERACTION WITH OTHER DEPARTMENTS AND AGENCIES

This part of the chapter lists the necessary interrelationships involving the financial aid office and other departments. The interrelationships listed here are relevant for the typical campus organization and cover areas ranging from policy decisions to communication. In all

cases, emphasis is placed on facilitating better management of financial aid.

Because coverage must be given to instances in which the financial aid office should be providing or receiving information and assistance, as well as those in which combined activity with another department is helpful or necessary, departmental categories are further divided into those involving joint effort, those calling for receipt of information or assistance by the financial aid office, and those involving provision of information or assistance by the financial aid office.

These listings cannot possibly cover all the specific interrelationships that may be operating at a particular institution. Financial aid officers and other administrators are thus encouraged to modify or expand this section in any way that will make it more useful.

President and Appropriate Vice Presidents

Joint Effort

- Development of an institutional philosophy of financial aid (which will form the basis for more specific financial aid policies and procedures at the institution), including topics such as funding of undergraduate vs. graduate students, funding of special groups, criteria for distribution of financial aid (need, academic ability, special skills, etc.), packaging of aid, use of operating revenue for financial aid, types and amounts of gifts to be sought or accepted, and setting of tuition rates and other fees.

- Discussion of the federal Terms of Agreement or other financial aid agreements the president must sign, and their implications for the institution.

- Agreement on means by which the financial aid office can be appropriately involved in the discussion of all financial aid issues at the institution.

Information Received by the Financial Aid Office

- Decisions made by the administration or governing board that affect financial aid.
- Requests for financial aid information in

order to respond to a specific inquiry from a higher education association, member of board, legislator, parent, agency, or other person or group.

- Financial aid information received by the president at meetings, conferences, and other sources not available to the financial aid officer.

Information Provided by the Financial Aid Office

- Information in response to specific requests.
- Information on financial aid issues and legislation that requires the president's attention.
- Periodic factual reports, such as an annual report, on financial aid activity and expenditures.

Student Affairs Office, Other Departments, Faculty, Students, etc.

Joint Effort

- Effort to acquaint the faculty, academic deans, student affairs office and related departments, and students themselves with the philosophy of financial aid at the institution and specific policies that derive from this philosophy; encouragement of their assistance in making appropriate modifications to meet changing needs.

- Development of a procedure with the counseling center, chaplain's office, housing office, medical unit, career planning and placement office, or other department for referral of cases to or from the financial aid office.

- Coordination of part-time student employment activities in the financial aid office with the efforts of the career planning and placement office in full-time employment.

- Cooperation with the athletics department in awarding all financial aid within approved (for example, federal or NCAA) guidelines; cooperation in the identification of other aid sources (for example, state scholarships and Basic Grants) and of student athletes who might be eligible for these awards, thus reducing the commitment of institutional funds.

- Cooperation with faculty in developing on- and off-campus College Work-Study positions for students.

- Cooperation with academic deans in establishing definitions and guidelines for good standing and satisfactory progress that fulfill institutional goals and meet federal requirements.

*Information Received by the
Financial Aid Office*

- Inquiries from specific students, student groups, academic deans, faculty, department heads, and others about financial aid policies or specific financial aid cases.

*Information Provided by the
Financial Aid Office*

- Financial aid dates and deadlines, as well as important current issues related to financial aid, using the student newspaper or radio station or student government.

- Information, within the limits of privacy regulations, in response to inquiries about financial aid.

- Financial aid reports or unsolicited information on financial aid matters or individual cases, within the limits of privacy regulations, to department heads, deans, faculty, students, and others.

Admissions Office

Joint Effort

- Discussion and agreements on the amount and type of aid to be made available to freshmen and transfers and on the packaging guidelines to be employed. Development and update of appropriate admissions forms related to financial aid (for example, financial aid application, award letter, and denial letter).

- Regular monitoring of the number of students who reply favorably to the institution's offer of admission and financial aid.

- Development of literature that complies with student consumer information regulations.

- Development of a contingency plan, waiting list, or other approach to be implemented if available funds are over- or underspent or if there is an increase or decrease in anticipated funds.

- Presentations at high schools or other locations regarding admissions and financial aid principles and procedures followed by the institution.

*Information Received by the
Financial Aid Office*

- Periodic updates on the number of students who have accepted the institution's offer of admission and the resulting effect on financial aid expenditures.

*Information Provided by the
Financial Aid Office*

- New information during the admissions cycle that changes the amount or type of financial aid available.

- Results of examination of need analysis forms and other documents provided by all financial aid applicants, including identification of unusual cases; information on the financial aid package that has been awarded.

- Periodic updates on the financial aid yield for each aid program and other relevant facts or reports.

Registrar's Office, Including Veterans' Affairs

Joint Effort

- Development of lines of communication to insure prompt receipt of necessary academic or status information by the financial aid office, within privacy guidelines.

- Development of statistics on student attrition and retention in compliance with federally suggested guidelines and as a basis for study of the influence of financial aid on student attrition and retention.

*Information Received by the
Financial Aid Office*

- Information on financial aid applicants or recipients who are not at least half-time, or

whose status changes during the term or between terms (for example, full-time to three-quarter time or half-time to full-time).

- Information on students who are not in good standing or who are not making satisfactory progress as defined by the institution per federal guidelines; grades or other academic information on scholarship recipients and others.

- Information on students who have withdrawn, taken a leave of absence, been readmitted, or enrolled in a program to study abroad or other special study program.

- Updated demographic information on students, such as latest address and expected graduation date.

- Demographic or biographical information on students who may meet the requirements of certain restricted financial aid awards provided by donors or outside agencies.

- New guidelines or regulations that require certain action from, or that otherwise affect, the financial aid office.

Information Provided by the Financial Aid Office

- New financial aid guidelines or regulations that require certain action from, or that otherwise affect, the registrar.

Business Office

Joint Effort

- Development of mutually acceptable budgets in all financial aid programs controlled or administered by the institution.

- Discussion of the optimum mix of federal student aid funds for which the institution should apply.

- Development of an annual schedule of activities, such as disbursements and loan negotiations, that involve both departments.

- Discussion of items to be covered in entrance and exit interviews.

- Reconciliation of expenses in all programs at year-end.

- Development of institutional policy for refunds (required) and repayments (optional).

- Development of policy on student payment deferments: who gives them, when, and under what conditions.

- Development of annual production schedule with computer center showing regular or special reports, dates needed, and other relevant information.

- Development of plan for optimal expenditure of various loan funds (for example, NDSL) in the year collected.

- Development of policy with registrar, alumni office, and other departments on rendering services, such as transcripts, grades, and alumni services, to students who are delinquent on certain payments to the institution.

- Discussion on use of incremental funds that might become available from tuition, gifts, or other revenue.

- Development of a contingency plan if budgeted funds do not materialize or if expenditures exceed budget.

Information Received by the Financial Aid Office

- Monthly or more frequent reports of expenditures by program.

- Fiscal news, legislation, or regulation changes that may be of interest to the financial aid office.

- List of students who may be in default on a previous loan or who owe a repayment on a grant.

- List of students who have reached their employment earnings limits.

Information Provided by the Financial Aid Office

- Information on all initial financial aid awards and all aid adjustments made by the financial aid office, showing student, type of award, and amount.

- List of students for whom deferments have been granted by the financial aid office, including amount.

- Financial aid reports, news, legislation, and changes in regulations that may be of interest to the business office.

Development and Alumni Offices

Joint Effort

- Agreement on an overall plan for generating financial aid funds outside the institution, including the amount and type of funding that can be expected and likely restrictions on these funds.

- Preparation of appropriate literature, such as factual reports, proposals, and reports of long-range plans, on the status of financial aid at the institution for the benefit of alumni, corporations, and potential donors.

- Development of documents and forms to facilitate the process of donating funds to the institution or including the institution as a beneficiary in a will; preparation of appropriate publicity on the existence of these forms.

- Agreement on the importance of achieving an appropriate balance between timely loan repayment and maximum contributions from alumni.

Information Received by the Financial Aid Office

- Comments from alumni on their perception of the financial aid function at the institution and on their satisfaction with the financial aid they received.

- Questions from alumni, potential donors, and the development and alumni offices pertaining to financial aid in general or to specific cases.

Information Provided by the Financial Aid Office

- Financial aid information in response to questions or inquiries.

- Information for alumni publications encouraging the repayment of student loans by alumni for the benefit of current students.

- Financial aid news, reports, articles, and policy statements that may be of interest to the development and alumni offices or to the groups they serve.

Government Agencies and Internal and External Auditors

Joint Effort

- Correspondence and discussion regarding proposed regulations or the interpretation and implementation of existing regulations.

- Development of new financial aid programs or modification of current aid programs for the benefit of students and in response to government priorities.

- Cooperation with internal and external auditors in setting up procedures to facilitate adherence to relevant audit standards.

- Examination of audit or program review findings and development of procedural or other changes in response to these findings.

- Development of procedures to insure compliance with specific federal and other regulations, such as Title IV of Higher Education Act of 1965, Title VI of Civil Rights Act of 1964, Title IX of Education Amendments of 1972, and Section 504 of Rehabilitation Act of 1973, including subsequent amendments or legislation.

Information Received by the Financial Aid Office

- Most recent regulations governing financial aid programs and interpretation of these regulations.

- Periodic bulletins, newsletters, manuals, and technical updates.

- Information in response to specific technical or procedural questions.

- Application forms for certain programs and student brochures.

- Copies of all reports or other findings from audits and program reviews.

Information Provided by the Financial Aid Office

- Reports on expenditures of financial aid funds, such as federal Fiscal Operations Report, BEOG Progress Report, Departmental Federal Assistance Financing System (DFAFS) Quarterly Report, and various state reports.

- Information in response to specific inquiries from government agencies.
- Participation in training programs, hearings, and other activities.
- Information on specific cases selected by auditors.

Associations and Legislators

Joint Effort

- Development of positions on financial aid issues, raising of new issues or problems that need to be addressed, and sharing of information.
- Frequent communication between financial aid, accrediting, and other associations and government agencies, members of Congress, and state legislators on specific problems or issues.

Information Received by the Financial Aid Office

- Written materials, training activities, and other financial aid association services that assist in administering financial aid.
- Guidelines from accrediting associations on development of refund or repayment policy, standards for good standing and satisfactory progress, and full- or part-time status.

Information Provided by the Financial Aid Office

- Reactions to specific issues, legislation, and regulations affecting financial aid.
- Copies of correspondence sent to legislators, federal or state officials, and others.
- Regular participation in meetings, hearings, and other activities sponsored by associations or legislators.
- Reactions to services provided and requests for new services.

- Thank-you notes to state and federal legislators who have been helpful in supporting financial aid legislation.

Need Analysis Services, Lenders, Donors, Contractors, and Consultants

Joint Effort

- Agreement on nature and extent of contract services to be provided, their frequency, and their cost (for example, billing and collection services, special projects from need analysis services, consulting assignments).
- Development of procedures with outside lenders and donors for controlling or monitoring funds received, reporting on students' status, and other issues.
- Cooperation with donors in arranging for gifts to the institution, establishing conditions or restrictions, and suggesting selection criteria.

Information Received by the Financial Aid Office

- Periodic and timely reports, per agreement, on all contract services provided.
- Information on amount of funds lent or awarded to students, date of transaction, and period covered.

Information Provided by the Financial Aid Office

- Information on students who withdraw, take leave of absence, or change their enrollment status, where such information will affect their relationship with lenders and donors.
- Academic information on students as required by lenders or donors, consistent with the privacy act.
- Reaction to services provided and suggestions on improvements or modifications.

The Disbursement Process

The disbursement process consists of three phases: receipt of authorized aid from the aid packaging process, assignment and application of aid to institutional charges, and payout of remaining balances to the student. For purposes of this manual, it is assumed that a disbursement office is responsible for all fiscal aspects of the registration and aid disbursement process. Responsibility for aid authorization and disbursement should be split; if division between financial aid and disbursement offices is not possible, the functions must be split between individuals to retain the necessary internal control. This is not only a principle of internal control but is also required by the regulations governing federal financial aid programs.

Means of disbursement vary from paying the student directly with check or cash to crediting his or her account for institutional charges; no single method is best suited to all institutions. This chapter identifies aspects of an effective disbursement process.

STUDENT DATA BASE

If possible, the entire institution should operate from a single student data base so that all involved offices have access to the same student information, whether stored in file folders or in a computer-based system. Maintaining independent files increases the possibility for error. The number of interfaces can be computed by the formula $n(n-1)/2$, where n is the number of independent files. For example, for three indepen-

dent files there are three interfaces; for six files, the number of interfaces grows to fifteen. In this case, doubling the number of files causes a fivefold increase in the number of file interfaces. Each additional file thus increases the number of reconciliations that will ultimately be required; each additional reconciliation increases the possibility of error, in addition to building in potential problems with later reconciliation.

Appendix 4:1 is a list of suggested elements for a student data base; each institution should develop a standard description for each element. The creation and maintenance of the data base should be the responsibility of a single office, which correlates information among all other departments.

FEE ASSESSMENT

Before aid of any type can be disbursed, an institution must properly determine the total gross amount of fees to be charged each student. This assessment insures that all categories of aid will be properly accounted for. In addition to their possible use in the fee assessment process, each of the following items may also become factors on which aid assignment is based:

- *Credit hours* may, depending on the registration system on each campus, be multiplied directly by credit hour fees or used to determine if the student is to be charged full- or part-time fees.
- *Residency status* of the student (for example, in-state or out-of-state, county, or city)

affects fee assessment in many institutions. The question of residency is important to financial aid officers because the amount of aid needed by the student is determined by the amount of tuition he or she has to pay. The U.S. Supreme Court has held as unconstitutional a state statute requiring that classification as out-of-state cannot be changed during the student's entire career at a university (*Vlandis v. Kline*, 93 S. Ct. 2230 (1973)). The student must have an opportunity to present evidence that he or she is a bona fide resident entitled to in-state tuition rates. Twelve-month residency requirements have been upheld by various courts (*Hasse v. Board of Regents of University of Hawaii*, 363 F. Supp. 677 (U.S.D.C. Hawaii 1973); *Sturgis v. State of Washington*, 368 F. Supp. 38 (U.S.D.C. WD Wash 1973)). Being classified as a citizen of the state for voting purposes does not necessarily require a state institution to classify that student as a citizen for tuition purposes (*Hayes v. Board of Regents of Kentucky State University*, 495 F. 2d 1326 (6th Cir. 1974)).

- *Housing status* provides data for determining room and board rates on residential campuses.

- *Special course fees* include laboratory, flight instruction, transportation, and course-related fees.

- *School and class status* include consideration of a student's field of concentration (medical or veterinary school, for example), year in school (freshman to senior), or degree program (undergraduate or graduate).

- *Unpaid bills from prior terms* may be collected, subject to provisions of various programs, through the registration process. In general, federal aid funds cannot be used for such purposes, while institutional aid funds may be. Items to be collected could include emergency loans that have not been repaid, as well as housing, bad checks, overawards, and other obligations.

When establishing master records for tuition and fees, housing, or aid, the record must first be matched against a central data bank (1) to verify that the student has been admitted to the institution, is eligible for housing, and can

register for classes and (2) to obtain the student's name and identification number. The use of a student data base as illustrated in Appendix 4:1 serves as the control point to insure that the data elements used in creating or matching records are the same. The use of the student data base, from and within which an eligible-to-register data element can be created, is an important tool in assessing fees and assigning aid.

THE AID MASTER RECORD

Data for the registration and disbursement process normally comes from the financial aid packaging and fee assessment processes. An aid master record for each student combines data from both areas to effectively control assignment of aid to institutional charges and determination of aid awards to be paid out to students. The creation of an aid master record by the disbursement office can also serve as the subsidiary expenditure record to the accounting control ledgers. Because many different types of aid are handled by an institution or by various departments within the institution, the aid master record is needed to consolidate data on the aid.

Whether a manual or computerized data base system is used for record keeping, data elements must be set up to record the key information in the aid master file. A suggested list of data elements that could be used in the design of an aid master file follows. Because institutions vary in their registration and payment methods, from advance to same-day registrations and billings, and the aid disbursement processes they use, they may have to add or delete items to fit particular institutional needs and policies. The data elements listed here are especially suitable for an institution that uses a computer system and an advance registration and student billing process, while following the general procedures for aid disbursement outlined here.

- *Amount available* is the award entered from the financial aid package or administered by the disbursement office.

- *Assigned fees*, a tentative schedule of aid funds available for tuition and fees, is estab-

lished at the time of billing; while changes to the financial aid package and fee assessment are allowed, no charges to the control ledgers in the accounting system are made at this time for the aid accounts.

- *Assigned housing* is a tentative schedule of aid funds available for housing, also established at the time of billing.

- *Deferred fee* status is used, when the student formally acknowledges that he or she will be in attendance, for certain types of aid that were tentatively assigned to tuition and fees at billing time. An accounts receivable status is established in the accounting control ledgers when the registration process is complete.

- *Applied fees* are aid funds for tuition and fees that were tentatively assigned or deferred but have been applied, with the proper aid account number(s) charged through the accounting control ledgers.

- *Applied housing* funds are aid funds for housing that were tentatively assigned but have been applied, with the proper aid account number(s) charged through the accounting control ledgers.

- *Checks written* reflect the balance of aid funds paid out to a student after deducting assigned amounts in tuition and fees and/or housing.

- *Refund fees* are aid funds returned to the aid account as a result of a tuition and fee refund.

- *Refund housing* funds are aid funds returned to the aid account as a result of a housing refund.

- *Expense reimbursement* is the recovery of aid funds previously applied or paid out (overaward).

To lessen the impact of financial aid packaging adjustments, the aid master record should be established just before the billing cycle for each registration period. Institutions using an advance registration and billing system could establish aid master records as early as two months before classes begin. Timing on receipt of aid must obviously be coordinated with the financial aid office and other departments to insure that billings properly reflect the aid

awarded to the student. Student billings that are sent out in an incomplete or incorrect form because of communication problems between the financial aid and disbursement offices reflect poorly on an institution's handling of aid funds and can delay completion of a student's registration. The aid master record should reflect all aid assignable to institutional charges that is awarded to the student, regardless of source (federal, state, local, or institutional). Types of aid include fee remissions, grants, loans, deferments, advance payments, and advance deposits. Institutional student employment earnings are not normally included, as these funds are generally disbursed directly to the student through the regular payroll distribution process. Appendix 4:2 shows a student aid master record with examples of the disbursement process.

Control of Aid

The aid master record should include any type of aid, from whatever source, that can be used by an institution to pay tuition and fees and/or housing for a student.

In this chapter the definition of aid is broadened to include deferred payments, advance payments, and advance deposits. Two frequently used terms, deferment and fee remission, require clarification. A deferment delays payment of tuition and fees for a specific period; a fee remission waives tuition and fees.

Non-need-based funds are generally administered by the disbursement office. These include staff fringe benefit programs, provided through remission of tuition and fees, including policies for staff, staff spouses, and staff children (in their own institution or those with cooperative agreements); assistantships, usually for teaching; fellowships for research and graduate education; federal contracts for Reserve Officers' Training Corps (ROTC) and other military personnel; foreign embassy funds for students from foreign countries; athletic grant-in-aid funds, provided by alumni and other donors for an institution's athletic programs (these funds may also be handled elsewhere in an institution); advance payments made by students, to be credited on future institutional charges; advance deposits paid by students as

a condition of admission; deferment plans to postpone payment of tuition and fees for a short time after classes begin, normally thirty days or less, for personal hardship cases; and lost financial aid, a billing mechanism used to collect aid that has previously been applied or disbursed due to aid being withdrawn or canceled.

Aid entered from the financial aid packaging process, on the other hand, is generally need-based. These types of aid include grants (some of which are awarded as fee remissions), outside awards (in which the institution acts in an agency capacity only), and loans. Loans made under state or federally insured loan programs are normally not included in the aid master record unless the institution itself is serving as the lender.

ASSIGNING AID TO INSTITUTIONAL CHARGES

Without a uniform policy of assigning different types of aid to institutional charges, overawards, aid restriction violations, and delays in processing aid can result. To insure compliance with aid restrictions, for example, an institutional policy outlining the types and amounts of aid that can be assigned to tuition and fees and housing is needed. Certain types of grants classified as fee remissions cannot be used to pay housing assessments; this restriction should be made clear in institutional policy documents.

Priorities

Once the institution's assignment policy has been determined by the responsible parties, an aid assignment priority table can be established to determine the order in which aid in the aid master record should be assigned. General guidelines can be used in determining institutional priorities. These guidelines are based on four general aid groups: (A) aid awarded to the student for remission of tuition and fees; (B) aid awarded to the student for tuition and fees and/or housing, depending on specific aid account restrictions; (C) aid awarded to the student for tuition and fees and/or housing, but to be repaid by the student; and (D) advance payments and advance deposits, which generally

have specific account restrictions, made by the student for tuition and fees and/or housing. Appendix 4:3 illustrates a priority table that uses aid codes, designated as A, B, C, or D, based on these four general aid groups.

Awards stipulating use of aid for tuition and fees only should be given first priority. Within this category, tuition and fee remissions based on staff benefit programs contracted as a condition of employment should be given priority over institutional need-based tuition and fee remissions. Grants stipulating payment of tuition and fees only should also generally have preference over tuition and fee remissions, except again for certain types of staff benefit programs that are tied to tuition and fee remission as a condition of employment.

Grant awards that can be used for tuition and fees and/or housing should be given second priority to reduce the amount of non-repayable funds advanced to a student in the event of his or her withdrawal.

Advance payments and advance deposits paid by a student should be given next priority, as they are normally included as part of the student resources when compiling the aid package.

Student loans should be considered next, as these must be repaid by the student and will be recovered through the loan collection process in case of the student's withdrawal.

Deferment plans should have last priority, as they are generally short-term agreements allowing temporary postponement of payment for tuition and fees. They are included in the aid master record to assure the institution that any aid awarded to the student will replace the outstanding balance on the deferment plan.

To maximize use of aid awarded for educational purposes, institutions should assign total semester or term institutional charges for a student to aid available for the student in the current semester or term. Any balances remaining can then be paid out to the student or, where allowed, used to pay unpaid bills for prior semesters or terms. Whenever possible, the policy of the institution in assigning aid to institutional charges should be incorporated as a condition of acceptance of the award by the student.

Special Considerations

All aid should be assigned according to the priority order determined by institutional policy. First priority in assignment should be to tuition and fees, next to housing, and the remaining balances paid out directly to the student. Before any assignment is made, however, the number of credit hours scheduled should be compared to the minimum number of credit hours set for the award. If the credit hours scheduled by the student are equal to or greater than the minimum required, the assignment process to institutional charges should continue. If the credit hours scheduled are less than the minimum required for the award, the aid should not be assigned to institutional charges; instead, the student should be billed for the total institutional charges. The student should also be informed that the aid awarded cannot be used until the credit hour requirements have been satisfied. It is important that the student be notified promptly of the actions necessary to reinstate his or her financial aid package. The assignment of the award to tuition and fees is done first because in most institutions these charges must be accounted for or paid before the student can attend classes.

The process of assigning aid to institutional charges should also involve verification of other common aid restriction requirements. Certain types of aid can be assigned to tuition and fees only, and may not be assigned to housing or paid out to the student. These are indicated by an asterisk on the aid code priority table illustrated in Appendix 4:3. If the amount of such aid awarded is greater than the amount of tuition and fees allowable, the assignment process should not continue. Tuition and fee remission should be rejected, for example, if the amount of the award were based on the assumption that the student was out-of-state while he or she had been reclassified as in-state, subsequently reducing the assessment for tuition and fees.

If more than one type of aid that can be assigned to tuition and fees only has been included in the aid master record for the student and available aid exceeds the amount of tuition and fees, the assignment process should again stop until a corrective adjustment is made.

Certain types of aid will not allow payment of deposits, late fees, or special fees and this kind of restriction should also be taken into consideration when designing an aid code priority table.

The aid assignment process, through the use of the aid master record and the aid code priority table, should verify aid award restrictions involving data not available when the financial aid package was initially formulated. The aid assignment process is a valuable control tool to assure adherence to aid award restrictions.

Accounting for Aid Assignment

After the initial billing and assignment process, aid used for tuition and fees, housing, and board is reported in the proper aid assignment columns in the aid master record. Any amounts remaining are shown in the balance column. At this point, some institutions may apply the aid and prepare the payout documents rather than show the aid as assigned, but it is assumed here for purposes of discussion that the aid has not been applied or paid out at this stage of the disbursement process. Since billing may occur as early as two months prior to the start of classes, the aid is shown on the billing invoices as aid assigned, thus reducing the balance due from the student. The aid is not applied when the invoice for fees and housing is prepared, since the aid may be revised several times before classes begin. This process allows the financial aid office the added flexibility of changing aid packages without burdening the accounting system with correction of entries and redeposit of checks written.

When the student's formal acknowledgment of his or her attendance is received, registration is considered complete. The amount in the assigned fee column is then moved to the deferred fee column in the aid master record. An accounts receivable status is established in the accounting control ledgers at this time. The fee remission awards and the advance fee payments and advance fee deposits are also recorded in the aid applied columns for fees at this time. Fee remissions and advance fee payments and advance deposits are the only types of aid applied prior

to the start of classes and recorded in the accounting system. The accounting changes required in adjustments to fee remissions are generally easily handled. Recording them in the accounting system at the time the student formally completes his or her registration provides management with important information related to fee income on a more timely basis. Appendix 4:2 illustrates examples of the assignment process and the effect on the aid master record.

DISBURSEMENT OF AID

The actual process involved in applying funds and paying out balances to students should meet three primary objectives: timeliness, a detailed expenditure record for each student, and a clear audit trail. Disbursement of aid should take place as early in the school term as possible without sacrificing control of the aid funds. As a general rule, the disbursement of aid for grants and loans should take place only after verification of the student's registration status or after the beginning of classes. Use of the latter method lessens the possibility of aid being disbursed to students who may never attend classes. For some federal programs, the disbursement of aid after verification of registration status can begin only a certain number of days before classes start. Disbursement should provide the student with a detailed record showing clearly how the awarded aid has been credited to institutional charges or paid out directly to him or her. Disbursement should also provide a clear audit trail of expenditures from source documentation to recording in accounting control records.

The disbursement process described here accomplishes these objectives through communication with the student, authorization of aid, application of aid to institutional charges and payout of remaining balances, single- or multiple-period disbursement plans, and employment.

Communication with the Student

On determination of the financial aid package by the financial aid office, an award letter is issued to the aid applicant requesting his or her

acceptance or rejection of the award. Disbursement information should also accompany the award letter explaining how, when, and where to claim the award. To assure complete and accurate information dissemination to the aid recipient, the preparation of disbursement information should be a joint effort between the financial aid office and the disbursement office. Communication with the student is also discussed in chapter 3, but the following questions may be helpful in preparing information concerning how, when, and where a student should claim his or her award:

- How will acceptance of the award be accomplished?
- How will funds awarded be assigned to institutional charges or remaining cash balances paid out?
- How will authorizations of funds be accomplished?
- How will the student be notified concerning disbursement dates and by whom?
- How will disbursement take place?
- How will a revised award be handled after the initial award has been disbursed?

Most of the questions could be asked again by substituting the question "when" or "where" for "how."

An example of disbursement information, extracted from an institution's information guide for financial aid recipients, is provided in Appendix 4:4.

Other aid awards handled by the disbursement office from sources other than the financial aid office also require, of course, that proper disbursement information be communicated to the student. These awards are generally not based on financial need and are primarily used to pay tuition and fees only. Most are contractual agreements between the student and the sponsor, such as graduate assistantships (fee remissions), staff fringe benefit programs, fellowships, and deferred payment plans. The disbursement office and the sponsor providing the award should naturally work closely together to provide accurate information to the student so he or she can easily recognize the application of the award to institutional charges.

Authorization of Aid

The financial aid office is responsible for authorization of aid entered into the institutional aid master record from the financial aid packaging process. Before authorizing disbursement of aid funds to the disbursement office, the financial aid office should determine that the student is registered and carrying the minimum required number of credit hours; use of the student data base as the central point for verification of this information insures consistency of information between the registrar, disbursement office, and financial aid office. The authorization notification from the financial aid office may be passed to the disbursement office in many forms, from manually prepared listings to automated transfers between computer data files. The authorization process may begin just before the beginning of classes; actual disbursement should not begin, however, until classes start.

Before authorization of aid funds administered by the financial aid office, the funds were merely assigned and/or deferred and could not, therefore, be charged to the aid accounts. On authorization, the aid funds may be charged to the appropriate accounting control records. As previously stated, this postponement in charging the aid accounts allows the financial aid office flexibility in changing the aid package without burdening the accounting system with unnecessary entries.

Application of Aid to Institutional Charges and Payout of Remaining Balances

Upon authorization of an award by the financial aid office, disbursement of aid to the student by the disbursement office may begin. This is best accomplished through use of a disbursement advice form advising the student how the aid awarded was applied to tuition and fees, housing, and board, and what remaining balance is to be paid out. The disbursement advice form is the document that brings together, for the student, awarding of aid and accountability of that aid as it is expended. All institutional aid handled through the financial aid packaging process should be controlled in this manner to allow the student to receive his or her aid, whether from grant or loan, at one time. The

disbursement advice form also fulfills the document requirement for federal grant programs, which specifies that a receipt or other acknowledgment be issued to students receiving their awards through credit to institutional charges. Appendix 4:5 shows an example of the disbursement advice form.

On receipt of the authorization notification from the financial aid office, the disbursement office can then transfer the recorded amount in the aid master record from the aid assigned and deferment columns to the aid-applied columns and record any balances remaining in the checks-written column. Disbursement advice forms can then be prepared using the information contained in the aid-applied and checks-written columns of the aid master record. As this process is completed, the accounting entries necessary to charge and credit the various accounts can be made and checks may be written for any balances due the student.

However, loan accounts should not be charged at this time for that portion assigned to tuition and fees, housing, and board. Loan accounts may be charged for institutional charges only after the student has signed the disbursement advice form and other required loan documents. The safest way, for both the institution and the student, to disburse any remaining balances of aid funds to the recipient, is to write a check in the name of the student. As institutions increase in size, security benefits of disbursement by check increase.

Some advantages of disbursement by check include the following:

- Errors made by a teller in counting and making change are eliminated.
- Processing time by the teller is reduced because there is no need to count cash out to each student or to machine-receipt a cash refund voucher.
- The security risk of having large cash amounts on hand for the disbursement period is reduced.
- The disruption of daily operations in the disbursement office is held to a minimum if the check-writing process is computerized, as thousands of checks can be printed overnight.

• The student does not have to carry a large sum of cash until time is found to make a bank deposit.

Some institutions may prefer, however, to provide cash for the remaining balance of a student's aid funds. Even those institutions electing to provide all payouts to students in cash should make provisions to have checks written for students who request them. There are two frequently used methods of cash disbursement. One method is to use the check-writing procedure but to allow the student the option of cashing the check at the time he or she picks it up. This tends to be the quickest and most secure method, as the only extra preparation needed is to increase the cash on hand in the disbursement office for peak disbursement periods. The second method is to present to the student all balances in cash. This procedure is usually practiced by smaller institutions, institutions that lack the resources to generate checks by computer, and institutions that give aid fund balances in periodic installments during the academic term.

Disbursement by cash requires not only an increase in cash on hand but provision of all the additional steps for cash control. Generally, it is best to use a separate cash refund voucher for each recipient. The teller should be sure the student's name is on the voucher with a brief description of the disbursement. The cash refund voucher should be signed by the student and processed through the teller's receipting machine as a cash-out item. These cash refunds then need to be incorporated into the teller's balancing procedures at the end of the day's business.

Once the disbursement advice form has been prepared, other documents are required to proceed with the disbursement process. The aid notification form (Appendix 4:6) notifies the student that his or her aid is ready for disbursement and should tell the student the place and time that the award can be claimed; the identification, such as student identification card or class schedule, that is required; and any enclosed form(s) that must be completed before the student reports to claim the award.

Required forms associated with loan awards include the promissory note, disclosure statement, fact sheet, and loan supplement.

The promissory note (Appendix 4:7) is the legal document binding the borrower to the repayment obligations and to the regulations and policies that govern a particular loan program. The promissory note is signed by the borrower and contains the promises he or she makes, which form the binding obligations that can be enforced in a court of law. It may contain provisions for having the borrower pay a reasonable attorney's fee if an attorney is needed to collect the debt through litigation, provisions for accelerating the payment of the entire principal then due in the event of default of an individual payment, and other provisions. The original of this note should be safeguarded, because it would have to be presented to the court if there were a law suit to collect.

The disclosure statement (Appendix 4:8) is required by the Truth-In-Lending Law (15 USC §1601 *et seq.*) dealing with assessment of financial charges (interest) associated with the promissory note.

The fact sheet (Appendix 4:9) explains to the student certain rights and obligations concerning the loan.

The loan supplement (Appendix 4:10) is forwarded to the student as an enclosure to the aid notification form. This form provides information relating to future collection information, such as listing persons who will be in continuous contact with the student.

The examples illustrated in Appendixes 4:7, 4:8, and 4:9 are for the NDSL program.

The student must have proper identification before any funds can be disbursed and should thoroughly understand his or her obligations in signing. This is important in all disbursements, but especially when a student receives a loan. The signing of the promissory note and related loan documents may be the most critical step in the collection process for student loans; the person issuing the loan to the student should stress that the funds received or credited to his or her institutional charges constitute a loan that must be repaid. The student should also be advised to retain for future reference all copies

of the forms provided when the award is claimed.

Single- or Multiple-Period Disbursement Plans

Institutions that have academic terms such as semesters, trimesters, or quarters should make equal payments at least once at the beginning of each term. For institutions that have no (or low) tuition and fees and no housing charges, more than one payment within the academic term may be desirable to avoid loss of funds to students who enroll, receive their aid, and then immediately terminate their enrollment.

The amount of additional aid funds that can be made available to other students as a result of multiple disbursements versus the additional administrative cost involved is another factor for the institution to consider when deciding on single- or multiple-period disbursement plans.

Employment

The disbursement process for the student employment program should utilize the institution's regular payroll system. A student employee should be able to cash a check, or otherwise receive payment, on his or her own endorsement without further restrictions. Direct transfer of student compensation to institutional charges is not recommended, and the College Work-Study program specifically excludes accounting devices or procedures that result in direct transfer of the federal share of student compensation to expenses or bills. Policies and procedures related to the College Work-Study program can be found in the *Student Financial Aid Handbook* prepared by the Bureau of Student Financial Assistance, U.S. Office of Education.

An employment monitoring function should also be incorporated into an institution's student employment program to verify that the work allowance included in the financial aid package is comparable to actual earnings. Adjustments in the aid package may then be made for students who exceed their earning eligibility through College Work-Study or other earnings. In some cases, a billing, as indicated later in this chapter in the section on "Billing for Over-awards," will be required. The employment

monitoring function can also be used to determine that CWS program earnings budgeted as matching aid for the SEOG program are at least equal to the match. Since the employment monitoring function affects the total financial aid package, responsibility for it should be vested with the financial aid office. Initiation of the billing process for overawards should also rest with that office.

Although the disbursement cycle may appear to be completed with application of the award to institutional charges and payout of remaining balances to the student, awards entered into the aid master record but not disbursed for various reasons and awards that were disbursed but, because of revised aid, should not have been, further complicate the disbursement process.

PROCESSING AND ADJUSTMENTS FOR NO-SHOWS AND CANCELLATIONS

For various reasons many students accepting aid awards either do not register or register but cancel their registrations before classes begin. If aid funds for these students are left committed for the academic term or year, the institution loses a significant pool of resources that could have been used to assist other students.

Once classes have begun and registration has been completed, the financial aid and disbursement offices should verify the aid awarded by their respective offices to the institution's master registration file to determine those students with aid awards who did not complete registration. The aid awards for those students identified as not registered can then be canceled and the funds made available to other financial aid applicants.

REFUND POLICIES AND PROCEDURES

Financial aid funds are intended to help students who need assistance to pay for their college education. In keeping with this basic premise, the family's resources should be used first in paying for an education. Therefore, if a student is entitled to a refund, the funds should first be credited to the various aid accounts used in assigning funds to institutional charges,

thereby increasing the amount available to other needy students.

The aid master record previously discussed can be utilized to determine the amount to be credited to aid accounts, since the amounts applied to institutional charges are recorded there. The amount of the refund can then be prorated among the various sources of aid applied to institutional charges. If the aid applied were specifically restricted, for example, to tuition and fees only, the amount of refund should first be credited to the restricted aid account; any remaining balance should then be prorated.

The advantages of this refund methodology are simplicity of administration and ability to communicate the refund policy to the student in an understandable manner.

Although refund policies relating to institutional charges may differ, each institution's policy should be well publicized and uniformly applied to all students attending that institution. The Student-Related Programs Committee of the National Association of College and University Business Officers has prepared the following general policy guidelines for refunding student fees. The guidelines, which were carefully reviewed by representatives of many other associations, were developed to assist institutions in evaluating their current refund policies and, where necessary, in modifying current institutional policies and practices regarding student charges and refunds.

1. The governing board of the institution should review and approve the schedule of all institutional charges and refund policies applicable to students. The pricing of services and refund policies have important consequences to students, parents, the institution, and society; as such, pricing and refund policies should receive board attention and approval.

2. Institutions should seek consumer views in the process of establishing and amending charges and refund structures. Decisions regarding institutional funds are ultimately the sole responsibility of the institution's legally designated fund custodians. However, consumer concerns do affect decision making, and involving consumers in decision making related to charges and refunds is a desirable approach for

assessing student needs and creating public awareness of institutional requirements.

3. Institutions should publish a current schedule of all student charges, a statement of the purpose for such charges, and related refund policies, and have them readily available free of charge to current and prospective students. Students and parents have a right to know what charges they will be expected to pay and will or will not be refunded. They also have a right to know what services accompany payment of the charges. Informational materials published free for students and prospective students are ideal for this purpose.

4. Institutions should clearly designate all optional charges as "optional" on all published schedules and related materials. Clearly, charges that are mandatory and charges that are optional must be differentiated well in all printed materials. Also, the institution should make it clear in its schedule if a charge is optional for some students but required for others. Statements accompanying the schedule may include institutional endorsements of the optional program or service.

5. Institutions should clearly identify charges and deposits that are nonrefundable as "non-refundable" on all published schedules. Institutions determine on an individual basis which of their charges are refundable or nonrefundable. In general, admissions fees, application fees, laboratory fees, facility and student activity fees, and other similar charges are not refundable. Such fees are generally charged to cover the costs of activities such as processing applications and other student information, reserving academic positions, and establishing the limits of institutional programs and services, reserving housing space, and otherwise setting the fixed costs of the institution for the coming academic period.

Institutions determine on an individual basis which of their deposits are refundable or non-refundable. Some deposits will be nonrefundable or will be credited to a student's account (e.g., tuition deposits). Others are refundable according to the terms of the deposit agreement (e.g., deposits for breakage).

6. *Institutions should refund housing rental charges, less a deposit, so long as written notification of cancellation is made prior to a well-publicized date that provides reasonable opportunity to make the space available to other students. Written notification on or before the beginning of the term of the contract is necessary to insure utilization of housing units. During the term of the contract, room charges are generally not refundable. However, based on the program offered, space availability, debt service requirements, state and local laws, and other individual circumstances, institutions may provide for some more flexible refund guideline for housing.*

7. *Institutions should refund board charges in full, less a deposit, if written notification of cancellation is made prior to a well-publicized date that falls on or before the beginning of the term of the contract. Subsequent board charges should be refunded on a pro rata basis less a withdrawal fee if the student withdraws from the institution. It is reasonable to make a refund for those goods and services not consumed. The withdrawal charge should reflect that portion of an institution's costs that is fixed for the term of the contract.*

8. *The institutional tuition refund policy for an academic period should include the following minimum guidelines:*

a. *The institution should refund 100 percent of the tuition charge, less a deposit fee, if written notification of cancellation is made prior to a well-publicized date that falls on or before the first day of classes.*

b. *The institution should refund at least 25 percent of the tuition charge if written notification of withdrawal is made during the first 25 percent of the academic period.*

It is reasonable to refund tuition charges on a sliding scale if a student withdraws from his or her program prior to the end of the first 25 percent of the academic period, but at least 25 percent should be refunded during this period unless state law imposes a more restrictive refund policy.

9. *The institution should assess no penalty charges where the institution, as opposed to the*

student, is in error. The institution should make refunds in cases where the institution has assessed charges in error. Penalty charges, such as those involving late registration fees, change of schedule fees, and late payment fees, should not be assessed if it is determined that the student is not responsible for the action causing the charge to be levied.

10. *Institutions should advise students that any notifications of withdrawal or cancellation and requests for refund must be in writing and addressed to the designated institutional officer. A student's written notification of withdrawal or cancellation and request for a refund provides an accurate record of transactions and also insures that such requests will be processed on a timely basis. Acceptance of oral requests is an unacceptable practice.*

11. *Institutions should pay or credit refunds due on a timely basis. The definition of "timely basis" should include the time required to process a formal student request for refund, to process a check where required, and to allow for mail delivery, when necessary. If an institution has a policy that a refund of an inconsequential amount will not be made, such policy should be published as a part of all materials related to refund policies.*

12. *Institutions should publicize, as part of their dissemination of information on charges and refunds, that an appeals process exists for students or parents who feel that individual circumstances warrant exceptions from published policy. The informational materials should include the name, title, and address of the official responsible. While charges and refund policies should reflect extensive consideration of student and institutional needs, it will not be possible to encompass in these structures the variety of personal circumstances that may exist or develop. Institutions are required to provide a system of due process to their students, and charges and refund policies are legitimately a part of the process. Students and parents should be informed regularly of procedures for requesting information concerning exceptions to published policies.*

BILLING FOR OVERAWARDS

If a potential overaward can be identified early, the financial aid officer can adjust the academic-year financial aid package to prevent the overaward. In some cases this requires a student employment monitoring system, as previously discussed, to identify potential problems, counsel students, and make corrective adjustments. If these efforts fail or if misrepresentation by the student resulted in the overaward, the billing process is the last resort to recover aid amounts overawarded.

The financial aid office should notify the student, explaining why the aid must be repaid and notifying him or her to expect a billing from the disbursement office. The lost aid billing should be incorporated into the aid code priority table so that any additional aid funds that may be awarded at a later date can be used to offset the lost aid billing. The amount recovered from the overaward can be shown as a separate entry to a subsidiary file, such as the aid master record, for future use in meeting reporting requirements such as those stipulated in the BEOG program.

SATISFACTORY PROGRESS

Responsibility for determining what constitutes satisfactory progress by a student aid recipient lies with the institution's financial aid officer. This determination is usually made with assistance from faculty, administration, and students and then approved by the president or governing board. Common standards usually include amount of progress toward the student's degree objective (number of credits in relation to number of terms attended) and quality of progress, indicated by the grade point average. If minimum standards are not met, the student is not eligible for financial aid funding.

The financial aid officer generally checks prog-

ress data during the packaging process. There is no need to prepare an aid package for a student who has not made satisfactory progress. Performing this check at the beginning of aid packaging gives the maximum time allowable to notify the student of his or her ineligibility and allows the aid applicant as much time as possible to take corrective action.

Disbursement procedures should also support verification of the intended recipient's satisfactory progress. This can be done by checking current credit hours for the period for which aid is being awarded. At the time of packaging, this information was not available to the financial aid officer. During the disbursement process, however, the element in the aid master file that records the minimum number of credit hours the student must satisfy for the current term to qualify for the aid package can be compared with the actual number of credit hours for which the student is registered. If the minimum is not met, the disbursement office should not apply any of the aid funds to the student's institutional accounts or pay out the balance. The current credit hour check is more easily accomplished when tied to the disbursement process. A sophisticated computer system is not necessary, since most institutions provide the student with a schedule of his or her classes for the term or with a receipt of fees paid that indicates by the amount of tuition charged the number of credit hours taken.

An aid recipient's current overall grade point index and degree objective, which may be important for some types of aid, may also be verified during the disbursement process. This information is usually maintained by the registrar and requires an interface between the disbursement office and registrar or a student data base to allow an automatic check of these elements. In large institutions, computer assistance may be necessary for verification at the time of disbursement.

Fiscal Management

The purpose of this chapter is to assist the reader in identifying areas of difficulty and potential weakness within an institution's fiscal management system and to present methods to insure sound, proper, and efficient operation of the system.

An institution that participates in any form of student financial assistance program has a major responsibility, to itself and to its students, to develop and to maintain good records and strong control in aid programs. Not only are significant amounts of the institution's own funds involved, but the federal government, a major funding component of student aid programs for many institutions, has many record-keeping and reporting requirements that must be met. Also, since institutional and governmental funds constitute a major part of aid available to students, any action that would tend to reduce these funds would be a disservice to those students who most need assistance.

Many institutions fail to maintain adequate records. Sound record-keeping techniques make the filing of applications and periodic reports easier and provide the documentation required for various aid programs. In addition, at least for federally funded programs, institutions must retain all official records for *not less than five years* from the date of creation of the record (in some situations, the period is considerably longer) or until the resolution of all questions raised by required audits.

The failure of many institutions to maintain timely reporting systems seems to be related

partially to lack of adequate records within the institution, partially to lack of definition of the type of internal reports most beneficial to users, and partially to changing formats of required reports. Institutions should establish efficient reporting systems that enable officials to meet all reporting requirements on time.

Communication is a problem in some institutions. The financial aid officer, business officer, and others involved in the financial aid process must regularly communicate with each other on the accuracy of transactions entered in the accounting system and posted to the records. Frequent conferences among these persons are helpful.

Illustrations used in this chapter are shown in the basic format of general journal entries and handwritten records for the sake of simplicity. The essence of any accounting system is storage and retrieval of pertinent information. The concepts included here represent the basic types of information that should be stored and retrieved; they can be adapted to any system, including automatic and electronic data processing.

To have a superior financial aid program at an institution requires a cooperative effort among all involved. For purposes of illustration in this chapter, the record-keeping and reporting responsibilities of the business and financial aid offices are separated, but these responsibilities should be viewed as one unit concerning all who are involved.

GLOSSARY OF TERMS USED IN THIS CHAPTER

• **Bookkeeping** is the process of analyzing, classifying, and recording transactions in accordance with a preconceived plan to provide a means by which an organization's business may be conducted in an orderly fashion and to establish a basis for reporting the financial condition of an organization and the results of its operation.

Two methods of bookkeeping are in use. In *single-entry* bookkeeping, the system used, for example, in a personal checkbook, generally only records of cash and of personal accounts are maintained. Where transactions are infrequent and receivables, payables, and assets other than cash are few, single-entry records, carefully maintained, may be adequate. *Double-entry* bookkeeping is the method usually followed by organizations for recording transactions. Each transaction involves a two-way, self-balancing journal entry, with equal debit and credit amounts. This entry is then posted from the journal to the corresponding ledger accounts involved. The accounting transactions in this chapter illustrate the double-entry method.

• A **fund** is a self-balancing group of accounts: assets, liabilities, revenues, expenses, and a fund balance. Funds are separated in an institution's books and are limited to specific uses. The funds illustrated in this chapter are all accounted for using a double-entry bookkeeping system.

It is important to note that individual funds are separated completely from one another and from the general fund of the institution and are self-balancing. That is, the debit balances of the debit accounts within the fund equal the credit balances of the credit accounts within the fund. This insures integrity of individual funds and provides control over expenditure of the funds.

• **Agency funds** are conduit or clearinghouse funds established to account for assets (usually cash) received for and paid to other funds, individuals, or organizations. Externally designated scholarship funds are an example of agency funds. Because the assets thus received are usually held only briefly, only asset and liability accounts are needed in such a relationship.

• **Debit (DR)** means *left* in accounting and **credit (CR)** means *right*. The left side of an account is called the debit side; the right side of an account is called the credit side. A debit entry (or simply "debit") would be recorded on the left side of an account; a credit entry (or "credit") would be recorded on the right side. The following diagram illustrates the normal rule for debiting and crediting accounts:

Assets				=			
DR		CR					
Increase		Decrease					
Liabilities				Fund Balance			
DR		CR		DR		CR	
Decrease		Increase		Decrease		Increase	
Expenses				Revenues			
DR		CR		DR		CR	
Increase		Decrease		Decrease		Increase	

• A **journal** is a book of original entry, a chronological record of the debit and credit elements of each transaction. As transactions occur, they are entered initially into the journal. At convenient intervals, such as weekly or monthly, the debits and credits recorded in the journal are transferred (posted) to the individual accounts in the ledger.

A **ledger** is a book of accounts. Each item of a monetary nature to be included in the reports issued by an organization is assigned an account in the ledger. Posting from the journal to the ledger results in each account having either a debit or credit balance. This debit or credit balance is then shown on the particular report listing this item. Separate ledgers should be maintained for each program or fund being accounted for.

• **Posting** is the process of transferring the debits and credits from the journal to the proper control and subsidiary ledger accounts. Each amount recorded in the debit column of the journal is posted by entering it on the debit side of the appropriate ledger account, and each amount recorded in the credit column of the journal is posted by entering it on the credit side of the appropriate ledger account.

• *Closing* is the process of preparing, entering, and posting closing entries. A closing entry is a journal entry in which the balances in revenue and expense accounts are eliminated at the end of the accounting period (calendar year or fiscal year). Because the revenue and expense accounts provide the information for the statement of operations of a given accounting period, it is essential that these accounts have zero balances at the beginning of each new period. Asset, liability, and fund balance accounts are not closed at the end of the accounting period, as their balances carry over to the new period.

• *An adjusting entry* is a journal entry made for purposes of correcting an error (such as a transfer of an amount from one account to another) or recording an accrual (such as earned, but unpaid, student payroll at the end of an accounting period).

• *A chart of accounts* is a list of account numbers and account titles to aid institutions in identifying the accounts that are used in their fiscal management system, that are included in their ledger, and that form the foundation for the reporting process.

• *T-accounts* are an accountant's short-cut method of illustrating ledger accounts, enabling the accounts to be used for illustrative purposes without tedious reproduction of accounts as they actually appear in an institution's ledger.

BUSINESS OFFICE RESPONSIBILITIES

The business office is responsible for all financially oriented accounting and record-keeping activities related to the financial aid program of an institution, except for some of the detailed records and files on individual students that must be kept in the financial aid office.

The material that follows is intended to assist the business office in satisfying its responsibility efficiently and with a minimum of effort. A summary chart of accounts indicates the types of accounts that an institution might find beneficial in the orderly processing of financial aid matters. T-account diagrams then help the reader to understand the use of these accounts. A brief discussion of cash management proce-

dures, forms, and techniques completes the description of business office responsibilities.

Summary Chart of Accounts

The following represents a summary list of accounts necessary for an institution to account properly for the programs discussed in this manual. Each institution must, of course, devise its own set of accounts and its own accounting system. The accounts and the system must meet the minimum requirements of proper documentation as set forth by the various funding agencies; within these requirements, ease of report preparation and simplicity of procedures are the guidelines that should be followed.

Using this simplified chart of accounts enables an institution to meet the minimum program and fiscal requirements established for federally funded programs. Additional accounts are included to represent general financial aid programs that are not funded by the government. Other accounts may be added as deemed necessary by an institution. These accounts and the system described have been established in recognition of the need to account separately for each of the restricted funds under an institution's control. T-accounts showing the debit-credit activity in certain of these ledgers are shown in the next section of this chapter.

DFAFS Programs Ledger

Asset Accounts

- 1 Accounts Receivable, DFAFS
- 3 Cash Control, DFAFS

Capital Account

- 2 Unexpended Program Authorization, DFAFS
(NOTE: A separate subsidiary account with specific award number should exist for each award that has not been fully expended by the institution.)

Institutional Programs Ledger

Asset Accounts

- 1 Accounts Receivable, Institution
- 3 Cash Control, Institution

Capital Account

- 2 Unexpended Program Authorization, Institution
(NOTE: A separate subsidiary account with specific award number should exist for each award that has not been fully expended by the institution.)

CWS Program Ledger

Asset Account	
1	Cash, CWS
Liability Accounts	
2.1	Federal Income Taxes Withheld
2.2	Social Security Taxes Withheld
2.3	State Income Taxes Withheld
2.4	Other Withholding
3	Accrued Wages Payable
4	Employer's Payroll Taxes Payable
Temporary Accounts	
Revenues	
5	Transfer from DFAFS—CWS Funds
6.1	Institution's Cash Contribution
6.2	Institution's Noncash Contribution
6.3	Off-campus Agency's Contribution
Expenses	
7.1	Student Wages—On Campus
7.2	Student Wages—Off Campus
8	Administrative Expenses Paid to Institution
9	Job Location Expenses Paid to Institution

BEOG Program Ledger

Asset Account	
1	Cash, BEOG
Liability Accounts	
None	
Temporary Accounts	
Revenue	
2	Transfer from DFAFS—BEOG Funds
Expense	
3	Student Grants Paid—BEOG

SEOG Program Ledger

Asset Account	
1	Cash, SEOG
Liability Accounts	
None	
Temporary Accounts	
Revenues	
2	Transfer from DFAFS—Initial Grants
3	Transfer from DFAFS—Continuing Grants
4	Transfer from DFAFS—Administrative Expenses
Expenses	
5	Initial Grants Paid
6	Continuing Grants Paid
7	Administrative Expenses Paid to Institution

NDSL Program Ledger

Asset Accounts	
1	Cash, NDSL
2	Funds Receivable, DFAFS
3	Funds Receivable, Institution
4a	Funds Advanced to Students—In School
4b	Funds Advanced to Students—Out of School

Asset Reduction Accounts

5	Loan Principal Collected
6.1	Loan Principal Canceled—Teaching Service (10% rate), Prior to 7/1/72
6.2	Loan Principal Canceled—Teaching Service (15% rate), Prior to 7/1/72
6.3	Loan Principal Canceled—Military Service (12½% rate), Prior to 7/1/72
7.1	Loan Principal Canceled—Teaching Service (15% rate), 7/1/72 and after
7.2	Loan Principal Canceled—Teaching Service (20% rate), 7/1/72 and after
7.3	Loan Principal Canceled—Teaching Service (30% rate), 7/1/72 and after
7.4	Loan Principal Canceled—Military Service (12½% rate), 7/1/72 and after
8	Loan Principal Canceled—Death
9	Loan Principal Canceled—Disability
10	Loan Principal Adjustments—Bankruptcy
11	Loan Principal Adjustments—Other

Liability Accounts

None

Capital Accounts

12	Federal Capital Contributions Authorized
14	Institutional Capital Contributions

Capital Reduction Accounts

13	Repayments to Federal Government
15	Repayments to Institution

Revenue Accounts

16	Interest Earned on Loans
17	Other Earnings
18	Reimbursement of Amounts Canceled on Loans 7/1/72 and after

Expense Accounts

19.1	Litigation Expenses
19.2	Administrative Expenses Paid to Institution
19.3	Other Collection Expenses
20	Cost of Loan Principal and Interest Canceled—Teaching Service (Loans Prior to 7/1/72)
21	Cost of Loan Principal and Interest Canceled—Military Service (Loans Prior to 7/1/72)
22	Cost of Loan Principal and Interest Canceled—Teaching Service (Loans 7/1/72 and after)
23	Cost of Loan Principal and Interest Canceled—Military Service (Loans 7/1/72 and after)
24	Cost of Loan Principal and Interest Canceled—Death
25	Cost of Loan Principal and Interest Canceled—Disability
26	Other Expenses or Losses—Bankruptcy
27	Other Expenses or Losses—Other

Institutional Student Employment Ledger

Asset Account	
1	Cash
Liability Accounts	
2.1	Federal Income Taxes Withheld
2.2	Social Security Taxes Withheld
2.3	State Income Taxes Withheld

2.4	Other Withholding
3	Accrued Wages Payable
4	Employer's Payroll Taxes Payable
Temporary Accounts	
	Revenue
5	Transfer from Institutional Funds
	Expenses
6	Student Wages
7	Other

Institutional Grants Ledger

Asset Account	
1	Cash
Temporary Accounts	
	Revenue
2	Transfer from Institutional Funds
	Expense
3	Student Grants Paid

Institutional Student Loans Ledger

Asset Accounts	
1	Cash
2	Funds Advanced to Students—In School
3	Funds Advanced to Students— Out of School
Capital Account	
4	Fund Balance
Temporary Accounts	
	Revenue
5	Interest Earned on Loans
6	Transfer from Institutional Funds
7	Other Earnings or Gains
	Expense
8	Collection Expenses
9	Loan Principal and Interest Cancellations
10	Other Expenses or Losses

Agency Fund Ledger

Asset Account	
1	Cash
Liability Account	
2	Due to Other Funds

T-Account Explanations

The descriptions of account activity included here are intended to give the reader a general idea of the manner in which the accounting for these programs might be done. These T-account explanations are not an illustration of what *must* be done, nor are they intended as an illustration of the precise accounts that must be used, but they should instead be used as a guideline. This system will work, but for some institutions it is oversimplified, whereas for others it is too involved. Discretion and caution are advised, but these accounts may be used by an institution that does not have its own system.

Except for the DFAFS program ledger accounts, a complete description of account activity for federally funded programs is not included, but can be found in *Accounting, Record-keeping, and Reporting by Colleges and Universities for Federally Funded Student Financial Aid Programs (the "Blue Book")*, 1977, DHEW. Single copies are available from NACUBO.

DFAFS Accounts

1. *Accounts Receivable, DFAFS*: All amounts due from all DFAFS-funded programs are recorded in this account. The debit balance in this account represents the balance of cash due for awards or authorizations made to the recipient institution.

Debit this account for:

Amount of awards/authorizations as specified in program award letter (contra account #2)

Credit this account for:

- (a) Cash received from DFAFS (contra account #3)
- (b) Adjustment of unexpended balance of programs (contra account #2)

2. *Unexpended Program Authorization, DFAFS (control)*: This credit balance account represents the unexpended balance of the awards made by DHEW. An individual subsidiary ledger account should be maintained for each such program (for example, CWS-061, SEOG-041, NDSL-071, etc.) and the sum of the credit balances in the subsidiary ledger should be agreed to the balance in this control account monthly. The debit entries in the specific program accounts

provide the amounts for reporting in the "Expended Amount" column on the DFAFS Recipient Report of Expenditures.

Debit this account for:

- (a) Cash transferred to programs (contra account #3)
- (b) Adjustment of unexpended balance of programs (contra account #1)

Credit this account for:

Amount of awards/authorizations as specified in program award letter (contra account #1)

3. *Cash Control, DFAFS*: This is a debit balance account established for the purpose of identifying the balance of federal cash provided through DFAFS. Current regulations require that funds provided by the federal government for student financial aid programs be physically segregated from other funds. The system described here provides for segregation through the use of separate accounts for DFAFS-funded programs. Separate checking accounts need not be used for *each* of the programs, so long as *this* cash account is represented by a separate checking account, and records indicate precisely where the cash was used.

Debit this account for:

All cash received from DFAFS (contra account #1)

Credit this account for:

All cash transferred to programs (contra account #2)

Institutional Accounts

The accounting for the three institutional control accounts — Accounts Receivable, Cash, and Unexpended Program Authorization — can be done in the same way as the DFAFS accounts. This set of institutional accounts is not necessary if the institution has control over its own funds and their availability for student aid. However, these accounts can be beneficial for the institution that wants to segregate a portion of its own funds to be used for financial aid purposes.

Student Employment Accounts

1. *Cash*: All receipts and disbursements of cash related to institutional employment of students should be recorded in this, or a similar, account. Any debit balance remaining after payment of a payroll should represent amounts withheld from students' wages for payroll tax purposes.

Debit this account for:

Institutional funds transferred for purposes of payment to students or the payment of the employer's share of payroll taxes (contra accounts #4, #5)

Credit this account for:

- (a) Compensation paid to students (contra accounts #3, #6)
- (b) Payment of withholdings (contra accounts #2.1, #2.2, #2.3, #2.4)
- (c) Payment of employer's payroll taxes (contra account #4)
- (d) Payment of other expenses (contra account #7)

2.1, 2.2, 2.3 and 2.4 *Withholding Accounts*: The titles of these accounts are stated in full in the Summary Chart of Accounts. These accounts are used to record

the amount of taxes and other withholdings from students, where such withholding is necessary.

Debit these accounts with the amount of taxes paid to the appropriate agency for:

- (a) Federal income taxes
- (b) Social Security taxes
- (c) State income taxes
- (d) Other taxes
- (All contra account #1)

Credit these accounts with the amounts withheld from the pay of students for payment of:

- (a) Federal income taxes
- (b) Social Security taxes
- (c) State income taxes
- (d) Other taxes
- (All contra account #6)

3. Accrued Wages Payable: This account is used to accrue wages earned but not paid at the end of a report period. This is necessary because most internal reports require the reporting of compensation *earned* during the reporting period, regardless of when paid. **NOTE:** Accruals may be estimated.

Debit this account with amounts of gross compensation earned in the previous reporting period and paid during current period. (contra account #1)

Credit this account at the end of the reporting period for gross compensation earned but not yet paid. (contra account #6)

4. Employer's Payroll Taxes Payable: This credit balance account is maintained to record the amount of payments due to be made *by the institution* for the employer's share of payroll taxes on account of students employed. In some systems the employer's share of payroll taxes is handled directly from the general fund. In this case, account #4 would not be needed.

Debit this account with the amount of payroll taxes paid. (contra account #1)

Credit this account with the amount of payroll taxes payable. (contra account #1)

5. Transfer from Institutional Funds: This credit balance account controls the transfer of cash from institutional funds. Such transfers of cash should be made only in the precise amount needed for the current payroll. No transfer of cash should occur until the currently payable payroll has been calculated.

Debit this account with the following closing entries at the end of the accounting period:

- (a) The wages earned. (contra account #6)
- (b) Other expenses paid. (contra account #7)

Credit this account with the amount of cash transferred to meet current disbursement needs. (contra account #1)

6. Student Wages: This expense account is maintained to facilitate the preparation of reports.

Debit this account with the gross amount of wages earned by students in employment from the first day to the last day of the reporting period (posted from payroll voucher, adjusted as necessary for accruals). (contra accounts #1, #2.1, #2.2, #2.3, #2.4, #3)

Credit this account with the following closing entry at the end of the accounting period:

The wages earned (contra account #5)

Grant Accounts

1. **Cash:** All receipts and disbursements of cash related to the institutional grant programs are recorded in this account. Typically, this account shows a zero balance after each period's entries are posted, since the transfer of funds from institutional funds should be for just the amount of grants to be paid immediately to the students.

Debit this account for:

- (a) Transfers from institutional funds account (contra account #2)
- (b) Recoveries from recipients (contra account #3)

Credit this account for:

- Payments to students (contra account #3)

2. **Transfer from Institutional Funds:** This credit balance account controls the transfer of cash. Such transfers of cash should be made only in the precise amount needed to pay grants on a current basis.

Debit this account for:

- Closing entry at end of accounting year (contra account #3)

Credit this account for:

- Cash transferred from institutional account to meet current disbursement needs (contra account #1)

3. **Student Grants Paid:** This debit balance account is maintained to record grants made to the students.

Debit this account for:

- Grant payments made to students (contra account #1)

Credit this account for:

- (a) Recoveries from recipients (contra account #1)
- (b) Closing entry at end of accounting year (contra account #2)

Loan Accounts

1. **Cash:** This is a debit balance account that shows the total cash available.

Debit this account with all cash *received* for:

- (a) Capital contributions by the institution (contra account #6)
- (b) Refunds of amounts advanced to students (contra account #2)
- (c) Collections of principal from borrowers (contra accounts #2, #3)
- (d) Collections of interest from borrowers (contra account #5)
- (e) Collections of other earnings (contra account #7)
- (f) Collections from borrowers on expenses incurred (contra accounts #8, #10)

Credit this account with all cash *disbursed* for:

- (a) Advances to students (contra account #2)
- (b) Repayment of capital to institution (contra account #4)
- (c) Payment of expenses (contra accounts #8, #10)

2. **Funds Advanced to Students — In-School:** This debit balance account is a control account for advances to borrowers during their tenure in school. The total of the amounts shown as advances on the individual student mastercards for all in-school students should be reconciled to the balance in this account at the end of each month.

Debit this account for:

- The amount advanced to borrowers (contra account #1)

Credit this account for:

- (a) Any return of advances made (contra account #1)
- (b) Total previously advanced to students who are terminating their enrollment at the institution (contra account #3)
- (c) Repayments by students (contra account #1)
- (d) Cancellations of principal (contra account #9)

3. Funds Advanced to Students — Out-of-School: This debit balance account is a control account for the total amount advanced during their tenure in school to borrowers who have terminated their enrollment at the institution. This represents the total amount of loan principal advanced since the beginning of the program, less repayments and cancellations.

Debit this account for:

The total advanced to students who are terminating their enrollment at the institution (contra account #2)

Credit this account for:

- (a) Repayments by students (contra account #1)
- (b) Cancellations of principal (contra account #9)

4. Fund Balance: This is a credit balance account that at period-end should reflect in its balance a sum equal to the total of all the asset accounts.

Debit this account for:

- (a) Repayments to the institution of prior capital contributions (contra account #1)
- (b) Closing entries at period end (contra accounts #8, #9, #10)

Credit this account only for closing entries at period end (contra accounts #5, #6, #7)

5. Interest Earned on Loans: This is a credit balance account maintained to show the total interest that has been collected, or that has been cancelled for some reason.

Debit this account only for a closing entry at period end (contra account #4)

Credit this account for:

- (a) The amount of loan interest collected (contra account #1)
- (b) The amount of loan interest cancelled (contra account #9)

6. Transfer from Institutional Funds: This is a credit balance account maintained to show the total amount of institutional funds transferred into the loan fund during the period.

Debit this account only for a closing entry at period end (contra account #4)

Credit this account only for institutional funds transferred into the loan fund during the period (contra account #1)

7. Other Earnings or Gains: A credit balance account available for the recording of other revenue-type items during the period.

Debit this account only for a closing entry at period end (contra account #4)

Credit this account for other earnings or gains during the period such as late charges assessed or interest on cash balance (contra account #1)

8. Collection Expenses: A debit balance account used to record the net payments by the fund for expenses incurred in collecting loans.

Debit this account for the payment of collection expenses by the fund (contra account #1)

Credit this account with amounts collected from borrowers in repayment of collection expenses (contra account #1), and with a closing entry at period end (contra account #4)

9. Loan Principal and Interest Cancellations: This is a debit balance account representing charges to this fund as a result of cancellation of principal and interest for any reason.

Debit this account with the total of principal and interest cancelled (contra accounts #2, #3, #5)

Credit this account only for the closing entry at period end (contra account #4)

10. Other Expenses or Losses: This debit balance account is available for the recording of other expenses or losses incurred in the operation of this fund.

Debit this account with any other expenses or losses incurred (contra accounts #1, #2, #3)

Credit this account only for the closing entry at end (contra account #4)

Agency Fund Accounts

1. Cash: This is a debit balance account that shows total cash to be accounted for. Typically, this account would show a zero balance after the funds that had been placed into the hands of the institution for a short period of time had been passed on to the proper fund, or to the recipient individual or organization.

Debit this account for:

All cash received by the institution as a conduit or clearinghouse to another fund, to an individual, or to an organization (contra account #2)

Credit this account for:

All payments of cash to the funds, individuals or organizations that were designated at the time the cash was entrusted to the institution (contra account #2)

2. Due to Other Funds: This is a credit balance account that represents the liability imposed on the institution when it accepts cash in an agency capacity. The account is a control account, with subsidiary accounts for each agency relationship established.

Debit this account for:

All payments of cash to the funds, individuals or organizations that were designated at the time the cash was entrusted to the institution (contra account #1)

Credit this account for:

All amounts received by the institution as a conduit or clearinghouse to another fund, to an individual, or to an organization (contra account #1)

Cash Management Considerations

All restricted funds discussed in this chapter can cause significant cash management problems for institutions that ignore the control features built into the previously discussed system. However, systems such as this, if employed properly, permit the institution to operate its financial aid program with a minimum of idle cash. For example, if the institution uses the DFAFS-funded accounts and the institutional-funded accounts properly, cash is brought into these accounts only as it is needed, thus allowing the federal Treasury (in the case of DFAFS-funded programs) and the institution (in the case of institutional-funded programs) to use

the remaining (nonallocated) funds in a productive manner. Then, as the funds are needed for *specific* programs (payroll, grant, or loan), journal entries are made to show the transfer of accountability from the general to the specific. For example, when the cash needs for a payroll have been determined, that specific amount *only* will be transferred from the general accounts (DFAFS-funded programs or institutional-funded programs) to the specific accounts (College Work-Study or institutional student employment).

Under all of the federally funded student financial aid programs, funds are disbursed through the Departmental Federal Assistance

Financing System (DFAFS). Many of the institutions have other DFAFS-disbursed grants which are included in their dealings with DFAFS; this material deals primarily with CWS, SEOG, BEOG, and NDSL, but many of the principles are applicable to other DFAFS programs.

The Recipient Report of Expenditures and the Cash Reconciliation Statement, shown in Appendixes 5:1 and 5:2, are the reports required by DFAFS to assist it in its work with institutions. These are strictly cash-flow reports that may be issued quarterly or monthly, depending upon the dollar amount of DFAFS-funded activity in a particular institution. Institutions that have the largest amount of DFAFS activity issue monthly reports; the others, quarterly.

A consideration of the Recipient Report of Expenditures follows, but changes in the examples discussed here are necessary because of the recently published DFAFS *Policy and Procedures Manual for Recipients*, dated April 1979. See Appendixes 5:1a and 5:2a.

- *PIN* or payment identification number is assigned by DFAFS.

- *Payee CRS* number identifies the institution within the DHEW Central Registry System.

- *Institution Control Number* is assigned by the institution for the purpose of associating its subsidiary ledger for Unexpended Program Authorization for specific awards with the line items on the report. The accounts in the subsidiary ledger should be assigned a control number when the account is established in the ledger. The first time the particular award appears on the Recipient Report form, this column will show a series of zeros. The institution should write in the institutionally assigned number. DFAFS then preprints the assigned number on all subsequent reports on which that particular award is active.

- *DFAFS Document Number* is the award number appearing on the authorization letter received from CWS, SEOG, BEOG, or NDSL. It is preprinted by DFAFS on the Recipient Report of Expenditures.

- *Authorized Amount* does not necessarily represent the total of the allocation or award for a particular grant, because this report is a cash

report; it represents the amount of cash that is available to the institution under that particular grant.

In the case of "deobligation" of unused funds, DFAFS is notified of the balance to be deobligated in each of the programs. When this notification has been processed, the "amount authorized" for that specific grant will be reduced by the amount of the deobligation. When this deobligation occurs, the institution should record the following journal entry and post it to the DFAFS ledger:

Unexpended Program Authorization, DFAFS
(specific grant number)

Accounts Receivable, DFAFS
(amount should be amount of deobligation)

In addition, the appropriate deobligation entries should be made in the NDSL accounts.

- *Expended Amount* must be completed by the institution each reporting period. The information for this item can be obtained from the debit amounts posted to the appropriate Unexpended Program Authorization subsidiary account in the DFAFS ledger. This represents the amounts transferred to specific program accounts but not necessarily paid out to students. For example, in the case of NDSL, some cash may still be in the NDSL program accounts. Grant 08-0003000395 subsidiary 12345679 appears as follows on 12/31/78, the date of this report:

12345679

Unexpended Program Authorization

08-0003000395

9/15/78 — \$40,112.15 (posted individually as cash was transferred to program cash account for payments made to students)	4/20/78 — \$42,009 (posted when award/ authorization letter re- ceived from OE)
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Note: *There is a separate line item of each grant made by OE through DFAFS.*

- *FROE*, when an asterisk (*) is shown for an item, indicates that a final report of expenditures has been received (the "R" designates the Recipient Report of Expenditures; the "A" represents the agency report of expenditures). In the case of the \$10,000, because the "Authorized Amount" and the "Expended Amount" are

the same dollar amounts, and because a final report has been received from both the recipient and the agency, this line item will probably drop off the report by March 31, 1979. The report is split into Part I and Part II. Part I represents open awards and Part II, closed awards. The "F" in the FROE column for the first award listed has been recorded by the recipient, to indicate that all disbursements from this award have been made. This will cause the record for this award to drop from Part I to Part II on the March 31, 1979 report.

The Cash Reconciliation Statement can be explained as follows:

• *Cash Accountability* is the amount internally calculated at DFAFS based upon a complete historical record of all DFAFS-funded grants at the particular institution. Essentially the calculation is:

Total amounts authorized since start of DFAFS funding at this institution	\$200,302.00
Total amount authorized shown on this Report of Expenditures	126,009.00
Amount of authorized cash dropped off ROE because final report received	\$ 74,293.00
Total of all cash advanced by DFAFS to institution	\$197,749.78
Amount calculated above	74,293.00
Cash Accountability	<u>\$123,456.78</u>

• *Less Cumulative Expenditures* is the amount taken directly from the final column of the Recipient Report of Expenditures.

• *Computed Cash Balance* is the balance that should remain in the DFAFS cash account at the institution.

• *Actual Cash Balance* is the balance that does exist in the DFAFS cash account (#3) at the institution. The "computed cash balance" and the "actual cash balance" are the same if the institution's accounting records are proper and up-to-date.

The Recipient Report of Expenditures must be submitted to DFAFS on a timely basis. If the report is not submitted within twenty-five days after the date on the report, DFAFS will send

a reminder notice after a five-day grace period. If the report is not submitted within thirty-five days of the date on the report, DFAFS will discontinue all cash advances to the institution until the report is submitted. Because the discontinuance of cash advances could seriously hinder the school's financial aid program, the report should be submitted as requested.

As a check against the accounting in the DFAFS ledger, the total credit balances of the subsidiary Unexpended Program Authorization accounts should equal the credit balance of the control account #2, "Unexpended Program Authorization." Also, the total of the debit balance of account #3, "Cash, DFAFS" plus the debit balance of account #1, "Accounts Receivable, DFAFS," should equal the credit balance of account #2, "Unexpended Program Authorization."

FINANCIAL AID OFFICE RESPONSIBILITIES

The record-keeping requirements in the financial aid office are more detailed than those in the business office, as these records relate to individual students. While the business office has responsibility for keeping track of cash receipts and expenditures and of the many details involved in that activity, the financial aid office must keep records that insure a constant monitoring of awards to individual students.

Student Master Card

There are a number of ways to meet these detailed records requirements, one of which is the student master card shown in Appendix 5:3, or a variation of it. This type of record, modified to take into account any special problems at a particular institution, can be maintained instead of separate cards for each program. So long as the individual sections on the cards are periodically proved to the appropriate control accounts for federally and institutionally funded programs (in the business office), this type of record provides the needed details.

The major advantages of this type of record are elimination of duplication of information about students; availability on one card of the

total information about each student's financial aid history; added assistance in fulfilling reporting requirements, particularly the Fiscal Operations Report, Parts I and IV; and proof of matching under the SEOG program.

These cards can be color-coded with tabs (for example, red for BEOG, green for SEOG, blue for NDSL, and yellow for CWS) to facilitate sorting, counting, or adding to complete specific parts of the various reports.

In order to record all of the information required in reporting to the Office of Education, the institution may wish to complete a master card for each student who files an application for aid, even though no aid is granted. A separate file of those not granted aid, set up in order of urgency of need, would help expedite granting of any additional funds that might become available and would be of assistance in required reporting.

For institutions that have installed electronic data processing equipment for record-keeping purposes, the information recorded on the student master card can instead be stored in the computer. The essential consideration is that the information be available in some format that is easily retrievable for reporting and audit purposes; it is not essential to use the illustrated master card.

Coding for Student Master Card

Explanation of Codes:

- A. Source of Recruitment
 - 1. Upward Bound
 - 2. Educational Talent Search
 - 3. Disadvantaged Student from high school
 - 4. Other
- B. High School Test Scores
Insert actual number
- C. High School Rank
 - 1. Top quarter
 - 2. 2nd quarter
 - 3. 3rd quarter
 - 4. Bottom quarter
- D. Race or Ethnic Group
 - 1. Black
 - 2. American Indian or Alaskan Native

- 3. Asian or Pacific Islander
- 4. Hispanic
- 5. White

- E. Family Income
Insert actual amount
- F. Need
Insert amount determined
- G. BEOG Eligibility Index
Insert actual number
- H. SEOG Grant Type
 - 1. Initial year
 - 2. Continuing year

Out-of-School Students Register

If the accounting records are to perform the function of assisting in the management of the NDSL program as well as fulfilling the reporting requirements, some modification of the typical receivables ledger is necessary. Since the program itself permits a grace period and permits deferral of loans for a number of reasons, a single alphabetical ledger is not sufficient to provide the control mechanism needed. A cross reference file similar to the loan status card presented in Appendix 5:4 is recommended, along with a financial data file. The loan status file should be set up strictly alphabetically, with appropriate data to show the status of each loan at all times. The financial files should be broken down into sections based on the status of the loan.

Sections in the financial file include:

- A current payment file subdivided by month payment becomes due.
- A grace period file subdivided by month grace period ends.
- A deferred status file subdivided by type of deferment, such as teacher, military service, or VISTA, and further subdivided within these sections by month deferred status ends.
- A delinquent file subdivided by number of months account is delinquent.
- A paid file organized on an alphabetical basis.

The delinquent file can be further subdivided into those accounts that have been turned over to a collection agency and those accounts on

which legal action is being undertaken by the institution.

The reasoning behind recommending that the financial file be subdivided in this manner is that it provides the basis for action on the file, as well as providing some assistance in fulfilling federal government reporting requirements. For example, the billing to the borrower should be made directly from the file at the appropriate period of time prior to the due date of the payment. The appropriate letters necessary to indicate termination of the grace period and termination of deferred status could again be triggered by the reference to the appropriate month in the grace period deferred status file. The arrears and delinquency file, of course, requires intensive follow-up on each account in the file. At the end of each month, the current month portion of each file should be cleared out. For example, if an account is left in the current payment file for the current month, it has in fact become in arrears at the end of the month and should be transferred from the current file to the arrears and delinquent file, with appropriate action being taken. The grace period and deferred status files should be cleared out, with the cards placed in the appropriate month section of the current payment file.

Posting clerks sometimes argue that a straight alphabetical file is much easier to work with, but this is not necessarily true if one assumes that the majority of payments coming into the organization are those on current payment status. Then the group of cards that the posting clerk needs to work with are quite limited; rather than fingering through a massive alphabetical file to find the account to be posted, the posting clerk needs only the current-month portion of the current payment file. Of course, any payments received on accounts not in the current payment file represent payment on delinquent accounts or an advanced payment. Posting this amount necessitates referring to the alphabetical status file to determine where this account is located. However, since a breakdown of receipts between those for current payments and those for advanced or delinquent payments is needed, this separation is still advantageous; failure to find the card in the current

payment file triggers the appropriate separation of the amounts posted as among current, advanced, and delinquent payments.

REPORTING

Use of Mastercard for FISCOP Report, Part I

After the student cards have been posted and reconciled with the ledger control accounts they, along with the ledger control accounts, become the basis for completing reports required by the Office of Education. The procedure for completing each line of the report, using these cards and the ledger accounts, is described here; references are to the 1975-76 report forms, shown in Appendix 5:5a. Appropriate modifications must be made for changes in report requirements for the 1978-79 forms, one of which is shown in Appendix 2:1.

In sorting for reporting purposes, the master cards for students currently receiving financial aid should be sorted, with all NDSL recipients' cards separated. The NDSL cards are then sorted again according to the race or ethnic group code on the card. A count of cards in each stack provides the data for the "recipients" block under NDSL, Section A. Summing the current dollar amounts on the cards gives the data for the "amount" block in Section A. The NDSL cards should then be re-sorted by sex, and the count of cards will give the data for Section B. Re-sorting the cards, again on the basis of family income, counting the cards in each stack, and summing the appropriate dollar amounts provides the data for Section C. A final re-sort by independent undergraduate and graduate status provides the data for columns h and i of the NDSL information in Section C. Master cards for students participating in the NDSL program should then be replaced with the other master cards.

Following the same separation and sorting procedures for master cards of students participating in the SEOG and CWS programs again provides the data needed for Sections A, B, and C.

Only the unduplicated recipient counts and total dollar amounts spent remain for Part I. For Section A, *all* of the master cards for stu-

dents participating in any one or any combination of the three programs are sorted by race or ethnic group. The number of unduplicated recipients (column a) will then be recorded. This total will probably be *less* than the sum of columns c + e + g, as this is an unduplicated count. In no case can this total be *greater* than the sum of columns c + e + g. The dollar amounts currently spent on all three programs are summed for each stack of cards and recorded in column b. The amount in column b for every line must equal the sum of columns d + f + h.

All of the master cards are now re-sorted by sex for the information needed for Section B. They are then all re-sorted again by family income to obtain data needed for Section C. Note carefully the instructions provided with Part I as to means of verifying numbers by reference to numbers in other parts of the Fiscal Operations Report.

Source of Information for FISCOP Report, Part IV

The CWS columns on the student master card are subsidiary accounts to accounts #7.1 and #7.2, depending on whether the student is working on-or off-campus. An individual earnings record card similar to the one shown in Appendix 5:3 as the back of the master card is needed to record the detailed payroll information. Once per quarter the earnings should be summarized on each individual earnings record card and transferred to the front of the student master card.

The total of the current year awards for all students under the CWS program should not exceed the total of grant authorization as shown in the DFAFS ledger plus the amount of institutional matching, except in those situations where past history would indicate that the students will not work a sufficient amount to earn the total award. The current year award amount should actually be a control over the amount of gross earnings for the student. If the student's rate of earnings is such that the year award will be exceeded during the time that he or she is expected to work, adjustments in the work schedule are needed.

These cards should be separated between on-

and off-campus; the total earnings for the quarter for each group should be determined. This total should be compared to the amount in the CWS ledger controls #7.1 and #7.2.

Assuming that this card has been completed and balanced to the CWS ledger control accounts for the year, the following bases could be used to complete Part IV, CWS information, shown in Appendix 5:5b:

- Line 1 Amount is shown on original award letter for the period.
- Line 2 Subsidiary to DFAFS account #2 would show this amount added to unexpended CWS authorization.
- Line 3 Must be equal to line 1 plus line 2.1.
- Line 4 Subsidiary to DFAFS account #2 would show this amount added to unexpended CWS authorization account.
- Line 5 This is the sum of accounts #7.1 and #7.2 in the CWS ledger. Equals Part I, Section A, Line 6h.
- Line 6 This is the sum of accounts #6.1, #6.2, and #6.3 in the CWS ledger.
- Line 7 Subtract line 6 from line 5. Should not exceed 80% of line 5.
- Line 8 Account #8 in the CWS ledger.
- Line 9 Subsidiary to DFAFS account #2 would show this amount added to unexpended SEOG authorization account (and deducted from CWS authorization account).
- Line 10 Sum of lines 7 + 8 + 9, less line 4.
- Line 11 Line 3, less line 10. Balance of CWS subsidiary to DFAFS account #2.
- Line 12 Self-explanatory.
- Line 13 Very seldom should information be recorded here. See instructions for Part IV of the Fiscal Operations Report for necessary details.
- Line 14 This number can be obtained by sorting out the students who are in the CWS program this year. This group should then be sorted to remove all students who previously participated in CWS. (The prior year information would indicate this.) A

count of the remaining cards gives the number of students participating in the program for the first time in the current year.

- Lines 15 & 16 Part a is a student count. The students participating in CWS should be sorted between on- and off-campus; the number in each group should be counted. Part b can be obtained by adding the gross pay for off-campus students and multiplying that by the percentage paid from federal funds (typically 80%). This gives the amount for 16b. Subtracting this amount from line 7 gives the amount for 15b.

General Reporting

These reporting illustrations have been used to indicate how accounts and records can be

structured and used to make reporting easier. More detailed information on completing the Fiscal Operations Report is available in *Accounting, Recordkeeping, and Reporting by Colleges and Universities for Federally Funded Student Financial Aid Programs (the "Blue Book")*, 1977, DHEW. Single copies are available from NACUBO.

An institution can prepare similar outlines of procedures for all internal and external reports generated by its accounting system. If the accounts and records in the business and financial aid offices have been coordinated with the reporting requirements, those persons within the institution who are responsible for preparing the reports will be able to do so with a minimum of inefficiency. Information and control are, above all else, the goals of the accounting system.

Billing and Collection

Although there are many types of student financial aid, only loans require something of both the student and the institution after the student leaves school. Webster's definition of a loan, "something lent for the borrower's temporary use," implies that future action is required of the borrower. The lending institution must insure that such action is taken.

ADMINISTRATION

Proper administration of loan funds depends on close cooperation among several offices in the institution. Successful collection begins with the making of a loan; the financial aid office must impress on the borrower the fact that the loan must be repaid. The registrar's office then needs to cooperate in providing student status information, the alumni office can often provide current addresses on "lost" borrowers, and the business office has the responsibility of seeking payment when it is due. Failure to fulfill any of these responsibilities can contribute to a high delinquency rate and, in the end, spell disaster for the loan program.

Of the four offices mentioned, the two most directly involved are the financial aid and business offices, where loans originate and are disbursed and collected. So that no functions are missed and a smooth progression of administration is guaranteed, a clear-cut division of responsibilities must be made between staff members responsible for granting loans and those responsible for disbursement and collection.

These parties must coordinate their efforts so that procedures do not lapse, and all parties involved in administering different phases of the loan program must be familiar with the entire program. If the institution is small and if staffing requirements are such that a division among personnel is not possible, internal controls need to be established to separate the various functions. Good management practices prohibit the practice of approval, disbursement, and collection as one person's function.

While financial aid officers should not be involved in collections, they can still play a strong part in insuring success in collecting loans in spite of the clear requirement that many loans be awarded purely on the basis of need. The financial aid office should first document and pass on to the office responsible for collection any information obtained during the application process that might provide insight into future collection problems. Because the information pertains to the loan process and is kept within the institution, such documentation does not constitute a violation of privacy. The financial aid office must also make the borrower aware of the conditions of the loan and the terms of repayment. Although this information must be included in the exit interview in programs requiring them, loan funds cannot be administered effectively if the borrower is not aware of the terms of the program before becoming obligated.

As those responsible become more familiar with each loan program, they should develop a procedural outline that includes steps necessary

to assure fulfillment of requirements for each program and covers everything from the making of the loan through the retirement of the debt. The outline should include the following:

- General institutional policies regarding the particular loan program;
- Statements of division of responsibilities within the institution's management;
- Policies and guidelines for making and collecting loans;
- A calendar for the procedures defined by the concept of due diligence: exit interview, establishment of repayment schedule, issuance of statements of account, billings, follow-up correspondence, and other procedures.

The outline would serve as a standard operating procedure manual and could be used to help determine a student's status as delinquent or merely past due, as well as the institution's success in following the steps necessary for an adequate loan-making and collection program. In this way, student delinquencies might be more readily avoided. Such an outline could also be used to train new staff to operate and manage the program.

DUE DILIGENCE

A few loan programs have terms that allow a loan to be treated as a scholarship if the borrower refuses or is for some reason unable to make payment. The majority are not so lenient, however, and require an institution to use "due diligence" in attempting to get the borrower to repay. Due diligence is the attention and care expected or required of an institution, in the logical course of events, which is characterized by steady, earnest, and energetic application and effort in loan collection.

Each loan program may have different due diligence requirements. Institutional loans, for instance, have requirements set by their loan committees or by the trust from which the money comes. Usually, in addition to having a legally acceptable promissory note, they require advance notices and consistent follow-up that leads to successful collection or to some sort of write-off. Other collection tools, such as regis-

tration or transcript holds, collection agencies, or litigation, may also be used.

Due diligence requirements are set forth in Section 144.42 of the federal regulations for the National Direct Student Loan (NDSL) program. They require an institution to "consistently use extensive and forceful collection practices," including the following five requirements:

- Provide to each borrower, not later than the time when he or she signs the promissory note, full disclosure of the borrower's rights and obligations thereunder;
- Conduct an exit interview with each borrower before he or she leaves the institution; provide the borrower at that time with a copy of the repayment schedule specifying the total amount of the loan and the dates and amounts of installments as they become due; and have the borrower sign a copy of the repayment schedule, placing that copy in the borrower's file;
- Mail the borrower a copy of the note and two copies of the repayment schedule and request the borrower to sign and return one of the copies of the repayment schedule, if the borrower leaves the institution without notice;
- Maintain contact with the borrower after he or she leaves the institution to facilitate billing and to keep the borrower informed on a timely basis of all changes in the program affecting his or her rights or obligations; and
- Respond promptly to written inquiries and other communications of the borrower and any endorser.

Health Professions and Nursing Student Loans state that care and diligence must be exercised in the collection of loans, not only with regard to borrowers, but with regard to endorsers whose signatures were obtained as security. This means that the institution must utilize collection practices no less extensive and forceful than those used on other loans of comparable size at the institution. Statements must be sent on a timely basis; use of collection agencies and litigation is deemed necessary if the borrower fails to respond to requests for payment.

The Guaranteed Student Loan (GSL) program requires a lender to utilize collection practices

no less extensive and forceful than those generally used by commercial lenders for loans of comparable amounts that are not covered by loan insurance, except that litigation for collection purposes, although authorized, is not required, and collection is not required in cases of death or permanent disability of the borrower.

Due diligence, then, is nothing more than providing consistent follow-up and care in the total loan process. A good rule of thumb would be to ask, "What would I do if the money I am lending and collecting were mine?"

MAKING THE LOAN

Approval

The ease or difficulty in loan collections begins with the decision about whether or not to approve a given loan. While it is not always possible to anticipate potential delinquencies, information that may be helpful in detecting potential problems should not be ignored. This is the essence of the GSL program requirement that institutions use prudent lending judgment in approving loans. Loan approval should be given only after careful consideration of the information contained in the student's application. The size of the loan should be such that it meets the needs of the borrower (limited by maximums imposed by the loan program) but is not greater than is needed, because this will only burden the borrower with repayment beyond what would otherwise have been necessary.

If a student knowingly makes material false representations in a loan application with the intent that the institution rely on those representations (for example, if a student falsely states that he or she is registered or if a student intends to drop out or does not intend to register, but yet receives the aid), the institution may have available to it an action for fraud against the student. Since the applicant must sign the loan application under oath, the state prosecuting attorney should be consulted for criminal violations that may be involved. Federal violations may also be involved, and the U.S. Attorney's Office should be consulted for these.

Pre-Loan Counseling

Borrowers must be made aware of all relevant terms of the loan program at the time they are expected to make the decision to accept or reject the offer of a loan. In addition to providing the borrower with information needed to make this decision, pre-loan counseling should provide the borrower with all the rights, privileges, options, and obligations that become part of the loan. If "in person" pre-loan counseling cannot be done, counseling can be accomplished by providing the potential borrower with a "Statement of Rights and Responsibilities," such as the ones provided in Appendixes 6:1a-c, to be signed by the borrower and filed. This statement should be designed to cover pertinent information for the loan program being used. If worded correctly, it could also suffice for the required Truth in Lending statement (see #5 of Appendix 6:1a or 6:1b).

During pre-loan counseling, the borrower should also be asked to provide the institution with current personal information, on a form like the one in Appendix 6:2, which could later be used for "skip-tracing," locating borrowers who move without giving a forwarding address. If the institution waits until the exit interview to obtain this needed information, it will lack information on borrowers who drop out or fail to have the exit interview. In many cases, these borrowers are the ones about whom such information is most needed.

Use of an approximate monthly payment chart like the one in Appendix 6:3 helps to give the borrower an idea of the total amount borrowed to date and what that figure means in terms of payment size later on. In a pre-loan session, the counselor might explain, "_____ is your total outstanding balance, including the approved amount on this request. Based on this amount, your approximate monthly payments would range from _____ minimum to _____ maximum." One of the most important factors in an institution's ability to collect loans is the borrower's understanding that the money he or she receives is a loan, which must be repaid. No loan should be granted without insuring that the borrower has this understanding.

The Promissory Note

The promissory note is the legal document that binds the borrower to the repayment obligation, the terms that created the loan fund, and the regulations and policies governing the loan program. Therefore, evidence of each loan must be provided by a note that sets forth the legal conditions under which the loan is made. This note must, of course, be properly completed, with no errors. If an error is found, the correction should be initialed by the borrower as evidence that he or she knows that the note was changed before he or she signed the note. This step may be extremely important if it becomes necessary to use legal action in collection. The note must also be adequately safeguarded by maintenance in locked fireproof or fire-resistant storage. Each loan program requires a note containing terms suited to that particular program.

Truth in Lending

The Truth in Lending provisions of the Consumer Credit Protection Act require institutions to make specific statements of disclosure regarding the finance charges on loans. Effective July 1, 1969, such disclosure must be made (and signed by the borrower) each time a loan commitment (not advance) is made (see #5 of Appendix 6:1a or 6:1b) and at the time a repayment schedule is executed. A copy of the disclosure must be provided to the borrower each time. Failure on the part of the institution to provide this information is a basis for a defense by the borrower for nonpayment. 15 USC § 1640 (e), commonly referred to as Regulation Z, states, in connection with civil liability, that, "Any action under this section may be brought in any United States District Court, or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation."

Disbursement

Disbursement has taken many forms over the years and varies greatly among institutions; some merely credit a borrower's account with the proceeds of the loan, while others issue cash, checks, or forms of scrip. The recommended

procedure is to issue a check that requires endorsement by the borrower, rather than issuing cash or crediting a student's account. Such a procedure eliminates any questions if a borrower later states that he or she never received the money.

The check should be made payable to both the student and the institution. Most loans are granted for educational costs. Therefore, the institution can require the borrower to use the money to pay for tuition, books, fees, room and board, and similar charges, or the institution can refuse to cash the check and thereby negate the loan. If the institution chooses some form of disbursement other than check, it should be certain to leave a clear audit trail, including an acknowledgment of receipt from each borrower indicating the method by which payments were made.

FOLLOW-UP WHILE THE BORROWER IS ENROLLED

Records of Outstanding Loans

When a loan has been granted to a student, the institution must use some means of accounting for the outstanding balance. This is usually done by posting to a ledger card or by entering the loan into a computer system. Institutions that do not have computers available usually use a posting machine for entering information on a ledger card. Individual ledgers are used for each borrower and summary ledgers are used to record the totals of all borrowers' ledgers. Tapes of the individual ledgers are run monthly to assure that they remain in balance with the institution's bookkeeping department. If the institution uses a computer, totals are automatically obtained and printed. However, each month these totals must be reconciled with the bookkeeping department if the institution is to know the accounts are in balance.

The ease of completing institutional and federal reports is often in direct relation to the amount of information contained on the ledger. Therefore, careful consideration should be given to report needs when designing the ledger card or the computer program.

In-School Status

Institutional loans usually have a due date established when the loan is granted. In cases where this is so, nothing further need be done until the billing procedure is due to begin.

NDSLs, GSLs, and Nursing Student Loans have due dates set depending on the date the borrower is last enrolled as at least a half-time student; Health Professions Loans require full-time student status. These four types require action by the institution to insure that the borrowers are still enrolled at the required level of attendance.

If the institution uses a computer system for its loans, a match can be made between the loan system and the registrar's records. If a match is made, the borrower is still in school. If a match is not made and matching is done on a term or semester basis, it can be assumed that the borrower left at the end of the preceding session. The account should immediately be placed on repayment status and repayment information should be sent to the borrower. By following this procedure, no account should enter a past due status without having had the benefit of the grace period notices, as required by most of the loan programs.

If the institution is not on a computer system, some other system must be established to determine if borrowers are still in school. These hand-checked systems are in many cases time-consuming but necessary. The following are a few suggestions for such systems:

- Visually check each account against a copy of the fee run.
- Check each account that does not receive an advance.
- Provide a list of all borrowers shown to be in school to the registrar's office and request a verification.
- Enter an expected separation date on the ledger; when the time arrives, verify the date with the registrar's office.

Updating Collection Information

Many borrowers continue to receive loans as long as they remain in school. Each time they apply for a new loan, they should be required to

complete a new "Statement of Rights and Responsibilities" (Appendixes 6:1a-c) and should be asked to update information used for skip-tracing (Appendix 6:2). If collection information were updated in this way, not only would borrowers be hard-pressed to state later that they were unaware of their rights and responsibilities, but institutions would also "lose" fewer borrowers because of lack of information.

THE EXIT INTERVIEW

Exit interviews are required for NDSLs, Health Professions Loans, and Nursing Student Loans. While GSLs do not require exit interviews, they can be useful. The purpose of the exit interview is to have an opportunity to discuss with the borrower his or her financial responsibilities and to obtain updated information that may help the institution to collect the loan. Whenever possible, the exit interview should be conducted on an individual basis. If necessary, however, the interview may be conducted in a group or even by mail.

In May 1978, the Comptroller General of the United States compiled a report on NDSLs for the Committee on the Budget entitled "Status of Office of Education's National Direct Student Loan Funds at Selected Postsecondary Education Institutions." Reference is made in this report to a study conducted by the Educational Testing Service in 1974 that "... showed that schools having lower delinquency rates were more likely to conduct exit interviews with nearly all graduating borrowers and vice versa. . . . There was also a significant relationship between conducting exit interviews with drop-outs and delinquency rates." A borrower who is fully aware of his or her loan obligations and who knows what will be expected during repayment will, in most cases, be a borrower who causes few collection problems. Because of their obvious importance, exit interviews should become part of loan procedures in every institution.

Responsibility

Regulations do not specify who should be responsible for conducting exit interviews.

Many institutions give this responsibility to the financial aid office. Because the exit interview deals with repayment, however, it should probably be conducted by the person responsible for collection. In many cases the exit interview provides the first contact between borrower and collector; it gives the collector an opportunity to emphasize the importance of keeping the account current. Only the person responsible for collection could make this point so strongly felt.

The interviewer must have full knowledge of the entire loan program, including benefits to which each borrower is entitled. Ideally, no student with an outstanding loan should be allowed to leave school without having had the opportunity to have an exit interview. At this time, all questions the borrower might have regarding his or her loan should be answered. At the end of the exit interview there should be no doubt in the borrower's mind as to what is expected. At the same time, the person conducting the interview should be able to get some feeling about the borrower's attitude toward his or her loan. This might present an opportunity to head off a possible delinquency.

Subject Matter

Each of the loan programs has unique terms and conditions regarding exit interviews that should be reflected in the subject matter covered in the exit interview. However, the following items are basic and should be included in all interviews:

- Make certain the borrower fully understands the terms and conditions, and the fact that the loan must be repaid on a timely basis as called for in the repayment schedule.
- Arrange a repayment schedule and agree on the date of the first payment and the frequency of each payment thereafter.
- Obtain clear agreement on the amount borrowed, the interest rate, and the amount due for each installment. The notes should be available for inspection by the borrower in order to answer any questions.
- Have the borrower sign the repayment agreement and the Truth in Lending form and give the borrower a copy of each.

- Review skiptracing information, or at least make certain that someone other than the borrower is listed with an address and telephone number. This suggestion is supported by the previously mentioned Comptroller General's report, which also revealed that schools with lower delinquency rates were somewhat more likely to obtain the address of the borrower's parents.

- Direct the borrower's attention to the advantages of pre-payments during the grace period, although pre-payments cannot be required.

- Inform the borrower of the importance of paying promptly or contacting the institution prior to the due date if payment cannot be made for any reason.

- Have the borrower understand that the collection staff must be informed of any change in name or address.

- Cover the deferment, postponement, and cancellation provisions and acquaint the borrower with the required forms, if applicable.

- Remind the borrower of any optional features included in the note, such as minimum monthly repayment, penalty charges, or collection charges.

- Inform the borrower of the billing system to be used and assure him or her that statements will be sent or that coupon books will be provided.

- If information has been prepared by the institution (such as "Your Rights and Obligations as a National Defense/Direct Student Loan Recipient," Appendix 6:4) or is available from the federal government, it should be provided at this time.

Truth in Lending and Repayment Schedules

At one time most lending institutions provided borrowers with an amortized schedule, showing the dates, amount of principal and interest due, and the balance outstanding for each payment. Few loans were paid exactly as shown and the schedules quickly became obsolete. In addition, this type of repayment schedule was expensive and time-consuming to produce.

An amortized schedule is not required for any of the federal loan programs. Instead, a Repayment Schedule and a Truth in Lending Statement (Appendixes 6:5a-b) are recommended. Such forms provide the borrower with the necessary information contained in Regulation Z of the Consumer Credit Protection Act and in regulations governing the loan programs.

In accordance with Regulation Z, certain words must be used and must be printed more conspicuously than other terminology in the statement. These words are "annual percentage rate," "finance charge," "amount financed," "delinquency," and "default charges." Failure to follow the Truth in Lending requirements could cause a loss of funds if the borrower chose to use this as a defense within one year from the time the information should have been provided.

Another requirement is to inform the borrower of the number of payments and the total interest or finance charge. The following formula may be used to arrive at the figures:

$$N = \frac{\log \left(\frac{P}{P - RA} \right)}{\log (1 + R)}$$

A = Amount borrowed

R = Interest rate per month = Yearly interest rate $\div$ 12

P = Monthly payment

N = Number of monthly payments

I = Total interest paid = NP - A

Example: If A = \$516.00, P = \$15.00, and

R = $\frac{.03}{12}$ = .0025, then N will equal 36.01 months

and I will equal \$24.19.

A	N	I
\$ 89	5.985	\$.78
516	36.01	24.19
1279	96.02	161.23
1553	119.96	246.42

This information is required because, if the institution brings suit, its representative will have to give evidence under oath as to what amount is due and what amounts have been paid,

and will need to be familiar with the facts. Since the institution is bringing suit, it, as the plaintiff, has the burden of proof and must prove to the court that the amount it avers is due is, in fact, due. Each institution must decide how much information should be contained on the repayment schedule. When the repayment schedule has been signed, the borrower should be given a copy along with any other printed material, such as pamphlets on various programs (Appendix 6:4), the institution deems to be helpful. The borrower's account should also be converted from an in-school status to an out-of-school or repayment status. The original repayment schedule should be placed in the borrower's file along with the original promissory notes.

Enforcement

Because the purpose of an exit interview is to have an opportunity to discuss with the borrower his or her financial responsibilities and to obtain updated information that may help in collecting the loan, every effort must be taken to insure that each borrower has an interview before leaving school. This requires cooperation among the registrar's, financial aid, business, and other offices. Exchange of information enables the person responsible for conducting the interview to determine the date the borrower will graduate so that an exit interview may be scheduled.

NDSL regulations state that an institution must, if possible, conduct the exit interview on an individual basis. When individual interviews are feasible, effort should be made to achieve a favorable exchange between the borrower and the interviewer. In many cases, appointments are not necessary and the borrower is free to choose a convenient time. Through an individual exit interview, the interviewer may learn the kind of occupation the borrower will be entering and, quite often, where he or she will be employed.

If individual interviews are not feasible, regulations allow group interviews. For large institutions this type of interview may be the most reasonable, for more time can be given to each group than could possibly be given to each individual. At the same time, some bor-

rowers may raise questions that others would never have thought to ask. Nevertheless, careful preparation must be made for group interviews to succeed in their purpose. Appointments are required to keep the size of the group manageable and to know who will attend. Information about repayment schedules and Truth in Lending statements must be prepared in advance and special care must be taken at the conclusion of the interviews to gather the needed forms before the borrowers leave.

Nevertheless, regardless of preparation, the success of institutions in conducting exit interviews depends largely on how well they inform borrowers of the need for the interview. At the time the loan is granted, borrowers should be made aware of their responsibility to have an interview before leaving school. In addition, notices can be placed in student newspapers; information can be made available at registration; and with cooperation from other offices regarding expected separation dates, postcards can be mailed. Some institutions have been successful in placing "holds" on graduation until the interview has been completed.

Interestingly, the Comptroller General's report on NDSLs states that "There was no significant relationship between delinquency rates and schools' methods for conducting interviews (i.e., individual versus group sessions). The finding suggests that the method of conducting the interview is not nearly as important as the actual conduct of the interview."

The real problem is with borrowers who fail to appear for their exit interviews regardless of the care taken to inform them about the meetings. These borrowers cannot be ignored, as the institution must still provide the information by mail. If the matching procedure described earlier in the discussion of "In-School Status" (under "Follow-Up While the Borrower is Enrolled") reveals that the borrower is no longer enrolled, regulations require an interview by mail. The same information required in an interview must be provided; in addition, a copy of each note must be included. Two copies of the repayment schedule must be mailed and the borrower must be asked to sign and return one copy. Information such as that contained in

Appendix 6:4 should also be included. After this attempt, unless mail is returned, the institution is considered to have fulfilled its responsibilities.

THE BILLING PROCESS

All the care, time, and concern for detail devoted to the loan program up to this point are negated if the billing system fails. Because the greatest volume of work is required in billing, many otherwise adequate systems break down during this process and delinquencies begin. Although the Comptroller General's report on NDSLs indicated that "schools with lower delinquency rates were more likely to prepare bills manually than by computer," manual preparation is an impossible task for large institutions. A regular and systematic billing system, however, is essential. Without it, an institution cannot hope to attract a borrower's attention to repayment schedules, due dates, or threats of more forceful collection activities. For consistency alone, a systematic billing system is essential to a sound collection procedure.

In-House Versus Outside Agency Considerations

Institutions that have their own automated billing or data processing equipment may want to undertake their own billing. Several different brands of accounting machines and other processing devices provide the flexibility needed to carry out the billing function. If the institution's collection staff is not subject to rapid turnover, and if adequate staffing is provided, it may be advantageous for the institution to do billing and collection work "in-house." The key to deciding whether or not the institution should do its own billing lies in its internal system and the personnel assigned solely to the billing and collection of loans; it must be able to provide for the systematic billing required by the terms of the specific loan program.

At institutions where inadequate staffing and lack of automated systems make effective billing difficult or impractical, a commercial loan management service should be able to improve and regularize collections. This eliminates the need for the institution to staff a collection section

and usually provides for a better and more consistent follow-up system. In choosing a loan management service, cost, service, reports provided, and promptness of returning collected money to the institution should be considered.

Success in using loan management services often depends on the institution itself. If delinquencies are allowed to get out of hand before a commercial firm's services are obtained, the institution should not expect an immediate drop in its delinquency rate. The Comptroller General's report on NDSLs indicated that some schools with high delinquency rates chose to use billing services in order to eliminate or alleviate the problem or to simply get rid of the responsibility for servicing the accounts. The reason for the high rate, then, was not poor loan management service but the condition of the accounts when placed with the service. On the other hand, those institutions that began using loan management services before their

delinquencies were out of hand were, for the most part, successful in retaining low rates.

A loan management service acts as an "agent" of the institution, since the institution cannot abdicate its responsibilities to the loan funds. The institution must retain all pertinent documents for audit purposes, whether or not an outside service is used.

An essential element in a proper billing system is familiarity with all provisions of the program. A responsible service must, therefore, know the terms and conditions and be able to change as the regulations dictate. Such knowledge is necessary to assure that accounts are not erroneously identified as past due when they are still in grace status, notices of payments due are timely, and delinquencies are readily identified.

To help an institution decide on the use of a loan management service, some of the advantages and disadvantages are listed below:

In-House

Outside Agency

Advantages

Familiarity with borrower
Ease of adjusting accounts
Accessibility to student records
Possible savings in cost if equipment and staff are available
Ability to match with registrar's records for student status

Knowledge of loan programs
Computer priority to loan billing
Lack of concern over size of loan program
Direct relation between cost and number of accounts
Absorption of cost of program changes
Likelihood of consistency in billing

Disadvantages

Cost of original programming
Possible lack of computer priority for billing
Necessity of constant training because of staff turnover
Cost for small institutions
Cost and time of program changes

Lack of access to borrower's records
Dependence on relay of information from institution
Reliance on institution to make decisions in some situations
Cost for large institutions

All loan programs except NDSL are silent regarding loan management services. Whether because so many institutions use this type of service for NDSLs or for some other reason, regulations set forth by the Office of Education (OE) govern the use of fiscal agents for NDSLs. Section 144.48 states:

(a) If an institution uses a billing service, collection agency or any other type of fiscal agent in carrying out its functions under this part, that service or agency may perform only ministerial acts. The institution is ultimately responsible for decisions about making, collecting, cancelling, or deferring loans.

(b) (1) If a billing service is used to carry out the functions required by [Section] 144.44 [Billing procedures], the billing service may not deduct its fee from the funds it receives from borrowers.

(2) In carrying out the functions required by 144.44, the billing service may perform skiptracing activities and/or make telephone calls to borrowers for the purpose of preventing a loan from falling into default. Skiptracing activities and telephone calls may be charged to the fund by the institutions as 'other collection costs.'

(3) A billing service performing the functions set forth in subparagraph (2) of this paragraph must provide its clients with satisfactory documentation, no less often than monthly, showing which portions of its monthly service charges are for skiptracing activities and telephone calls.

Section 144.49 states:

If an institution uses a commercial billing service to carry out the activities required by 144.44, it may not use a collection agency which owns or controls, or is owned or controlled by, the billing service or which is owned and controlled by a corporation, partnership, association or individual which also owns or controls the billing service.

Grace Period Contacts

After the exit interview has been completed, the account should be moved to an active status. This normally involves transferring the account from an "in-school" to an "out-of-school" journal. Such action should take place immediately, as some of the regulations require that the institution waste no time in the next due diligence step.

The period of time between termination of student status and beginning of the interest period is called the "grace period," during which time borrowers have a chance to get settled into a new location, to find a job, and to begin earning a living. During this period borrowers also

begin to realize the responsibilities they have taken upon themselves regarding their loans.

Each loan program sets the length of time for the grace period. Institutional loans, however, are different; they do not have grace periods as the others do. Instead, a specific due date is set when the loan is obtained; if interest is charged, it is usually from the date of disbursement.

NDSLs have grace periods that begin when borrowers are no longer enrolled as at least half-time students and that extend over nine consecutive months. (Before the 1965 amendments, the grace period was twelve consecutive months.)

Nursing Student Loans also have nine-month grace periods on loans obtained after June 30, 1969. (Loans received before July 1, 1969 had twelve months of grace.) Nursing students had to be full-time students in schools of nursing until November 1971, when the requirement was reduced to half-time.

Health Professions Loans still require a student to be enrolled full-time. The grace period for loans granted after June 30, 1969 is twelve months. (For loans prior to July 1, 1969, it was thirty-six months.) Attendance must be in a health professions school.

GSLs have grace periods varying from nine to twelve months after borrowers are last enrolled as at least half-time students. Grace periods as well as due dates are normally set by the guarantee agency. Before these dates can be determined, the institution must inform the agency that the borrower is no longer enrolled. As insurance to protect against payments coming due before borrowers are notified, the Act provides for varying grace periods; the normal length of time is nine months.

Each step in the due diligence process is important. Keeping the loan responsibility constantly before a borrower helps prepare him or her for the day when the first payment is due. The next logical step, then, is to contact the borrower during the grace period. Because interest does not accrue and payments are not required during the grace period, contacts act solely as a remainder of the obligation and as an opportunity to make payment before interest begins. For the institution, contacts provide a

chance to make sure an address is correct before it is time to bill for the first payment.

Although the NDSL program is the only one that requires contact during the grace period, institutions should also notify borrowers on the other loan programs of similar information. A review of NDSL requirements reveals the advantages in doing so.

Section 144.43 of the NDSL regulations states that the institution must contact each borrower at least three times before the first payment is due. First, 90 days into the grace period the institution must transmit to the borrower, in writing, the information required to be covered in the exit interview and any other information necessary to satisfy Truth in Lending Act regulations. Points which must be covered include:

- The borrower's responsibility to inform the institution immediately of any change in address;
- The full amount of the loan and the interest rate;
- The amount and due date of the first payment;
- The borrower's responsibility to contact the institution before the payment is due if for any reason payment cannot be made;
- The borrower's right to a deferment, cancellation, or postponement and the procedures for filing for those benefits;
- The right to prepay without penalty; and
- Any optional feature included in the note, such as minimum payments, penalty charges, and collection charges.

It would seem, from the way the regulations are written, that a mail exit interview, if necessary, could take the place of the 90-day notice. Because of the time required to make a match and prepare the required information, it will probably be about 90 days into the grace period when the mail exit interview is sent.

Second, 180 days into the grace period the institution must notify the borrower of the date his or her grace period ends. This notice is the second contact, timed six months (during the second quarter) after the borrower leaves the institution. If these requirements are carried out by the institution, there is no period of time

longer than three months in which the debtor is not contacted. The possibility of losing a borrower is thus greatly reduced. Therefore, the first purpose served by this notice is one of keeping track of the borrower. The second purpose is to remind the borrower of the option to make an interest-free payment. It is surprising how many borrowers take advantage of this option; some even choose to pay the loan in full at this point.

Third, at least 30 days before the first payment is due, the institution must notify the borrower of that date and of the amount due. This is the advance notice for the first payment and requires 30 days between the statement and the due date. From this point on, regulations require only 10 days' advance notice. The reason for a 30-day notice on the first payment is to give the borrower sufficient time to work the payment into his or her budget. The importance of making the first payment on time could make the difference in whether future payments are on time or a delinquent account results.

If contacts are made at 90 and at 180 days, a good address should be available by the time the 30-day advance notice is sent. If any mail is returned, the institution must immediately take steps to find the borrower's correct address. Section 144.44 (a)(6) of the NDSL regulations states, "A thorough search must be made of information available to the institution to locate the borrower's address if mail is returned. The search should include record checks in all appropriate institutional offices, checks of the telephone directory or with the information operator in the city or town of the borrower's last known address and a telephone call to the borrower if a phone number is obtained."

Grace period notices serve another important function in letting borrowers know that an institution plans on collecting loans and that its program will be administered in a businesslike manner.

Frequency of Billing

With the exception of GSLs, most programs give an institution an option as to frequency of billings. NDSLs allow monthly, bimonthly, or quarterly billings. Health Professions and Nurs-

ing Student Loans are the most lenient, merely stating that payments must not be less frequent than annually.

The decision seems simple but is instead one to which an institution must give careful consideration. If cash flow is a problem, monthly payments may be a solution. Billing for monthly payments can take at least three forms: statements can be prepared and sent each month, a group of twelve payment cards can be prepared and sent to the borrower yearly, or a coupon or payment book procedure can be established to cover the total repayment. If either of the last two methods is used, care must be taken to follow up if payment is missed. If the institution is not sufficiently equipped to handle the larger volume of work created by monthly billings, some other frequency should be used.

According to the Comptroller General's report on NDSLs, 70 percent of students are billed on a quarterly basis. However, the report also said that "there was no significant relationship between the frequency of billing and the delinquency rate" although "schools with the best collection record were more likely to send quarterly bills." While frequency of billing may have little effect on delinquencies, it does contribute to promptness and consistency of billing. No institution can expect a borrower to remain on time in making payment if billings are late in arriving. Frequency of billing should not, in any event, exceed the institution's administrative capabilities.

Statements

A statement should contain sufficient information to tell a borrower the date due, to whom the check should be payable, and where the check should be sent. Other helpful information might be amount borrowed, amount paid, balance of the account, date of last payment, and amount needed to pay the account in full. For institutional use, the borrower's account number should also be shown. The statement should be designed with two parts to allow the borrower to keep the information portion and to return the other half with payment. Appendix 6:6 shows an example of a two-part statement. If designed correctly, a window envelope may be

used in sending the statement and a return window envelope may be used to assure the return of the institution's portion. This is important as a means of making certain that the payment is credited to the right account.

Advance Notices

Grace period notices should have prepared the borrower for the day when repayment begins. Nevertheless, an advance notice should be sent 30 days before the first payment is due and at least 10 days before all other payments are due. The importance of the first payment cannot be overemphasized. The Comptroller General's report on NDSLs mentioned that one of the characteristics most associated with delinquencies was borrowers' failure to make the first payment on time.

First Past Due

If payment is not made on time, the institution must follow up in an attempt to get the borrower to pay. For GSLs the first past due contact should be made the 10th day after the payment is missed and should be followed by additional contacts at 10-day intervals until reaching 60 days past due. For NDSLs, Nursing Student Loans, and Health Professions Loans, the first past due contact should be made 15 days after the payment is missed. This contact may be in the form of another statement or by telephone.

Regardless of the means of contact, the borrower must be made aware that the school plans to pursue collection in a thorough and business-like manner. Failure to follow up at this point leads borrowers to assume that the institution is not capable of following through on past due accounts; this causes delinquencies to rise.

A borrower's failure to pay is often a direct result of temporary lack of funds caused by unemployment, unexpected expenses, or sickness in the family. All the loan programs allow the institution to revise the repayment schedule as a means of helping the borrower. For some borrowers the revision need only be a lowering of the payments; for others, a deferment must be granted to delay payment until sometime in the

future. When deferment occurs, the borrower remains responsible for accrued interest.

Once an account becomes past due, the institution should consider withholding all further services, such as transcripts, letters of recommendation, alumni materials, publications, and placement information, until the account has been brought current or until satisfactory arrangements have been agreed on. The institution may, however, want to release transcripts to a prospective employer, since without a job the borrower may have more difficulty in bringing the account current. Institutional legal counsel should be consulted before withholding services.

The practice of withholding student transcripts as a means of collecting debts due the institution (including student loans in default) has raised some interesting legal questions in cases where the student has been discharged in bankruptcy. Here, the distinction between an independent and a public institution is critical.

It has been held (*Girardier v. Webster College*, 563 F.Supp. 1267 (8th Cir. 1977)) that an independent college may refuse to issue a transcript to a student who has had a student loan discharged in bankruptcy; this did not violate the Bankruptcy Act. In a case (*Handsome v. Rutgers University*, 445 F.Supp. 1362 (U.S.D.C. N.J. 1978)) involving a state university, however, the court held that the university could not withhold transcripts from and deny registration to a former student whose loan had been discharged in bankruptcy. The reason for this is that the purpose of the Bankruptcy Act is to give the debtor a new opportunity in life and a clear field for future effort, unhampered by the pressure and discouragement of preexisting debt. Since Rutgers is a public institution, it could not by its actions "retard, impede, burden, or in any manner control the operation of the laws . . . enacted by Congress." The court noted that a state university could, however, refuse to extend credit to a student who has been discharged in bankruptcy. The court also noted that an independent institution could lawfully discriminate against a bankrupt—that is, withhold transcripts from or refuse to register a student previously discharged in bankruptcy.

Where bankruptcy is not involved, the with-

holding of transcripts for nonpayment of fees is governed by the rules and regulations of the institution and by state law.

45 Days Past Due

Each loan program specifies due diligence requirements as to the interval between past due billings. Nursing Student and Health Professions Loans do not require the second contact until the 60th day but allow faster follow-up if the institution chooses. The NDSL program states that within 30 days of the date of the first overdue notice, if the borrower does not respond, the institution must again contact the borrower to demand payment. The second past due contact, then, will be at 45 days. This contact may also be in the form of a statement or telephone call.

60 Days Past Due

National Defense/Direct Student Loan regulations further require that within 15 days of the date of the second overdue notice, if the borrower does not respond, the institution must again contact the borrower. This contact would be at 60 days past due and must be by mailgram or by telephone. If Health Professions and Nursing Student borrowers were not contacted at 45 days, they must be contacted at 60 days. The seriousness of the delinquency must also be indicated to the borrower.

If a GSL becomes 60 days delinquent, the institution must request preclaim assistance from the guarantee agency. At the same time, the institution must again request the borrower to make payment. If a loan ultimately goes into default, a default claim is not honored unless preclaim assistance has been requested. Such assistance includes attempts by the guarantor, such as those shown in Appendixes 6:7 and 6:8, to persuade the borrower to begin repayment.

75 Days Past Due

Within fifteen days of the date of the third overdue notice (75 days past due), if the borrower does not respond, the institution must send the borrower a final demand letter on NDSLs, such as the one shown in Appendix 6:9.

This letter must tell the borrower that the loan will be referred for collection or litigation if the appropriate payment or form is not received within 30 days of the date of the letter. If there is an endorser, the endorser should also be made aware that the account is past due. Regulations do not require the final demand letter to be registered. However, if it is necessary to later default the loan to the Office of Education, a receipt showing proof that the letter was received is helpful in proving due diligence.

If the borrower's payment history has been unsatisfactory (if, for example, the borrower has often failed to be on time in making payments or filing cancellation or deferment forms, or has previously received a final demand letter), or if the institution believes that the borrower does not intend to pay or to file the appropriate form, it may choose to omit any or all of the required overdue notices before sending the final demand letter.

If an institution chooses to accelerate a loan, it must give the borrower advance notice of the action. This written notice may be given independently or in any of the demands for payment required by the regulations. In any event, if an institution accelerates a loan or intends to do so, it must say so in the final demand letter. To "accelerate a loan" means that the entire unpaid indebtedness, including accrued interest and any penalty charges, is made immediately due and payable.

In accelerating a loan due date, the business officer must be aware of statutes of limitation. Each state may differ as to the number of years one has to bring suit to collect a debt or else be barred from seeking the help of a court to collect it; however, in some states, statutes of limitation do not run against the state. Some states distinguish between instruments signed under seal and those without a seal; that is, the statutory period within which to bring action to collect on a promissory note signed under seal may be longer than the time allowed for promissory notes without a seal. Also, in many states a binding promise by the holder of an obligation to extend the time for payment or not to press for payment tolls the statute of limitations. The statute of limitations generally begins to run

when the debt is due. If the debt is payable in installments, the statute, in most states, runs against each installment from the date it becomes due.

If a loan normally would have its first payment due on June 1, 1978 and its last payment due on December 1, 1987, the statute would void the payments (assuming six years) in June 1984 and December 1993 respectively. However, if the institution accelerated the payments in June 1978, the statute would void the total loan in June 1984. In other words, the statute begins to run on the total remaining balance at the time of acceleration.

If the institution chooses to do so, Health Professions and Nursing Student Loans may also receive the final demand letter at 75 days. Nothing need be done on GSLs at this point.

90 Days Past Due

When a GSL becomes 90 days delinquent, a final demand letter, such as the one shown in Appendix 6:10, must be sent to the borrower and to the endorser if there is one. The letter should be registered and should contain sufficient information to inform the borrower of the consequences of not responding. The fact that the loan will be defaulted, will, in many cases, prompt the borrower to respond. The borrower must be given 30 days to do so.

For those institutions on a 15-60-90-day cycle for Health Professions and Nursing Student Loans, this is the third past due contact. From this point on, statements do not produce good results; stronger action is required.

At some time between the 75th day and the 105 days when the account can be referred for collection, a telephone call must be made on NDSL accounts. If the call is made at 90 days past due, borrowers will not have gone more than 15 days without some kind of contact. The purpose of the telephone call is to find out whether the borrower's reason for lack of response is financial hardship, such as prolonged illness or unemployment. If it is, the borrower should be given a hardship deferment. This telephone call should be made by a person skilled in telephone collections.

105 Days Past Due

NDSL regulations state that institutions must use the services of a collection agency or perform comparable collection activities with its own personnel if the borrower still fails to respond after 105 days. Once the account has reached this stage of delinquency, the institution should not hesitate to take the stronger action required. However, no account should be referred for collection until the required telephone call has been completed if the borrower has a telephone with a listed number.

Health Professions and Nursing Student Loans may also be referred to a collection agency or an attorney, at this point, if the institution is following the NDSL due diligence timetable for these loans. Otherwise, another contact may be made at 120 days, with the account being referred at 150 days.

The GSL timetable does not call for a contact at 105 days. The 90-day contact requires 30 days for response, making the next institutional contact at 120 days.

120 Days Past Due

At 120 days a default claim may be filed on GSLs. The faster the claim is filed, the better are the chances for recovery by the guarantee agency. When filing a default claim, a lender must be able to prove that due diligence has been performed. Therefore, the institution must maintain both a payment history and a collection history for each borrower in order to keep track of the borrower's status and have adequate

documentation supporting a default claim. The payment history must show the date and amount of each payment received from, or on behalf of, the borrower over the life of the loan or loans. Such payment history must also indicate the amount of each payment attributable to principal and interest, respectively. The collection history must show the date, nature, and result of each contact made with the borrower (and any proper endorser) for collection of a delinquent loan. Copies of all correspondence addressed to, or received from, the borrower and endorser must be included.

If the institution is not following the NDSL due diligence timetable for Health Professions and Nursing Student Loans, and if the borrower has not responded by 120 days, the institution must make one last attempt at settlement, as shown in Appendix 6:9, before placing the account with a collection agency or an attorney. This letter should be registered, with a return receipt requested, and should contain sufficient information to inform the borrower of the consequences of not responding. The borrower must be given sufficient time to respond to this final demand. However, once the borrower has been informed of the action that will be taken, there should be no hesitation to take the necessary steps. Failure to act on demands does not help the borrower, the school, or the Health Professions or Nursing Student Loan programs.

Billing Timetables

The accompanying charts show the maximum length of time allowed in the due diligence bill-

<i>Date</i>	<i>Days from due date</i>	<i>Type of contact</i>
National Defense/Direct Student Loans		
5/1	30 days prior	Advance notice
6/1	—0—	
6/15	15 days	Telephone or statement
7/15	45 days	Telephone or statement
8/1	60 days	Telephone or mailgram
8/15	75 days	Final demand letter
9/1	90 days	Telephone
9/15	105 days	Collection agency or comparable collection activity with institutional personnel, to be followed by litigation

<i>Date</i>	<i>Days from due date</i>	<i>Type of contact</i>
Health Professions and Nursing Student Loans		
5/1	30 days prior	Advance notice
6/1	—0—	
6/15	15 days	First past due statement
8/1	60 days	Second past due statement
9/1	90 days	Third past due statement
10/1	120 days	Final demand letter
11/1	150 days	Collection agency, litigation, comparable collection activity with institutional personnel

Guaranteed Student Loans

5/1	30 days prior	Advance notice
6/1	—0—	
6/10	10 days	Statement or telephone
6/20	20 days	Statement or telephone
7/1	30 days	Statement or telephone
7/10	40 days	Statement or telephone
7/20	50 days	Statement or telephone
8/1	60 days	Letter; also request preclaim assistance from guarantee agency
9/1	90 days	Final demand letter
10/1	120 days	Default

ing process. More frequent contacts may be made if the institution chooses to do so. In all examples the first payment is assumed due on June 1st.

In-House Follow-Up for Loan Management Services

Outside loan management services differ in their service to institutions beyond the normal approach of sending three past due statements. Some merely continue to bill each month, while others end the billing except when another payment is due. Most provide a list of delinquent accounts at a certain period of time, usually when the account has reached the 75- or 120-day past due stage. The institution must decide on a course of action to take from this point on.

The institution should carefully review the accounts listed to decide on the method to use. Some borrowers will make partial payments, but not of sufficient amounts to keep their loans

current. These borrowers may need an adjustment in their repayment schedule to an amount that can be paid on a current basis. Others will write in response to the final demand letter, which should be sent by the institution. Each borrower who responds must be treated on an individual basis depending on his or her reason for nonpayment. Others will continue on a non-paying, no-response basis, and will have to be treated by a stronger method. Alternatives are discussed further later in this chapter.

All payments received by the institution must be reported to the loan management service in order to update the account. When the account becomes current, the billing procedure is again in place; the borrower will, it is hoped, remain current.

Administrative Allowances

The NDSL program provides an administrative allowance to help institutions recover part of

the cost of operating the program. The administrative allowance is used for routine administrative costs, which relate to all expenses incurred in the program through the billing process. The only exceptions are the costs of long distance telephone calls and skip-tracing. An amount equal to 4 percent of the amount loaned for the year may be removed from the fund for administrative allowance.

THE COLLECTION PROCESS

Who Should Collect?

With the exception of the GSL program, which requires past due loans to be defaulted to the guarantee agency, all other programs require the institution to use collection agencies or comparable collection activity with institutional personnel when the loan delinquency gets beyond the normal billing process. Whether to

do the work internally, or to hire an outside agency, is a question to which the institution must give careful consideration. The following chart of advantages and disadvantages might be used to provoke thought on this subject.

Use of a collection agency is generally less expensive to the institution. By using an agency, the cost of space, equipment, and salaries and fringe benefits for a collection staff is eliminated, and long distance telephone calls may be held to a minimum. The NDSL, Health Professions Loan, and Nursing Student Loan programs allow the funds to be charged for the reasonable cost of using collection agencies, but only NDSL allows an institution that performs its own collection work to charge a portion of those costs to the fund. Even then, the recoverable costs are limited to those that would have been allowed by state law if an agency had been used. This additional cost may be added to the borrower's obligations if it is provided for in the note and allowed by state law.

In-House

Familiarity with borrower
Knowledge of loan programs
Willingness to work with borrower
Lack of concern with size of debt

Outside Agency

Advantages

Effect of third party
Referral to borrower's locale
Contingency of cost on collection
Ability to deal with difficult collections
Broad coverage given by affiliated agencies
Knowledge of advisability of legal action
Availability of attorneys throughout the world
Knowledge of debtors' assets

Disadvantages

Inability to deal with difficult collections
Distance from borrower's locale
Lack of third-party effect
Cost
Space required
Time consumed
Inability to know debtors' assets

Possible unfamiliarity with loan provisions
Possible unwillingness to work with borrower
Concern with size of debt
Necessity for institution to learn agency operations
Possible unethical or illegal practices

In addition, an experienced collector would cost an institution an estimated \$15,000 per year in salary and fringe benefits. Assuming that agencies are working on a fee of $\frac{1}{3}$ of collections, a single collector at an institution would have to collect \$45,000 per year merely to recover the cost of salary and benefits. Also, assuming that 45 percent of the delinquent dollars can be collected, a single collector at the institution would have to be working with \$100,000 worth of delinquent accounts to cover salary and benefits alone. If the same \$100,000 were given to an agency, it is likely that more than one collector would be working on the accounts.

Institutional Personnel

Success in making a delinquent borrower current is a rewarding experience. For institutions that decide to do their own collection work, careful consideration must be given to the type of person hired as the collector. A collector should be someone who is very persistent, who can tolerate verbal abuse, who is not quick to anger, and who enjoys succeeding at a seemingly impossible task. The collector must be fully aware of all rights and obligations of borrowers under each type of loan program. A collector should be compassionate but able to recognize when a debtor is attempting to play on his or her sympathies. Above all, a collector must remember that success or failure in the job hinges on his or her ability to collect.

After sending the borrower the final demand letter, the institution should wait no longer than another 30 days before taking further action. Using the same list used to send the letters, files should be pulled on those with no response and such accounts should be transferred to a "collections" section. If the institution uses more than one collector, the accounts should be assigned to a specific collector to eliminate duplicate work.

At this point in the collection process, several letters or statements have already been sent to borrowers without success. Therefore, it would seem that further correspondence would not be productive and that other forms of collection would be needed. The telephone, proven to be

one of the best collection tools, should be used at this juncture.

Before attempting to contact the borrower by telephone, the collector should obtain all available data on the debtor and make certain that the amount due is correct. Once contact has been made, the collector should make sure that the person at the other end of the line is the debtor and not someone else; the collector should then identify him- or herself and the institution. Appendix 6:11, "Loan Collector's Guide," gives more specific suggestions for telephone contact.

The overall objective is to bring the account current, which could mean payment in full. Regardless, the debtor should be asked for the amount due. If the debtor agrees to pay, the collector should obtain the date the check will be received. This date should be entered on a debtor control document which should be filed so that it will come to the collector's attention one day after the check is due. If the check is received, the account can be returned to the billing section as a current loan. If the check is not received, the debtor should be called again for a new check date. This system should be followed until the money is received and the account is current. If the debtor needs to make partial payments, the dates of the payments should be established and the follow-up procedure maintained. Appendix 6:12, "Collection Flow Chart," identifies possible alternatives.

The amount due may, at times, be in dispute. The collector has to try to resolve the dispute and to determine the exact amount the debtor will pay. If the dispute is resolved, the date the check will arrive must be recorded and follow-up maintained. The collector may be unable to resolve the dispute without further checking but should still attempt to agree on a figure that is not in dispute and to agree on a date when a check for the undisputed amount will be sent. He or she should then obtain data to resolve the remaining dispute and agree with the borrower on a date when the remaining amount will be sent. Should the debtor refuse to pay until the dispute is settled, the collector should immediately take steps to resolve the dispute.

If the principles of sound collection procedures could be summarized in one statement, it might be, "Use a good follow-up procedure to make sure that promises are kept." Failure to contact a borrower after a promise has been broken usually leads to more broken promises.

The collector should keep accurate records of all telephone calls, correspondence, and personal contacts made. If an account becomes uncollectible as determined by regulation criteria, it is necessary to show that due diligence has been performed before an account can be defaulted or written off to the government. The amount collected by the collection department must be documented in order to justify charges to the fund for the cost of collections.

The Collection Agency

Many institutions use outside collection agencies to perform their actual collection work. When money for hiring staff is limited, collection agencies provide the relief needed to assure institutions that due diligence requirements are being followed. Collection agencies work on a contingent basis; therefore, institutions are relieved from providing funds for payment. Most agencies deduct their commission from money recovered from the debtor. Working on a contingent basis means that agencies earn a fee only when they succeed in collecting from debtors. Fees vary from location to location, but an institution that is paying more than $\frac{1}{3}$ may want to search the market for an agency with comparable service and lower fees.

Student loans have become a sought-after business, not necessarily because institutions have failed to do a good job, but because promissory notes are easily enforceable legally. With his or her signature on the notes, and a clear audit trail showing money disbursed, a borrower has difficulty in denying that he or she received the money. The collection business is thus highly competitive, and an institution may want to require bids from several agencies before deciding which agencies to use.

To win an institution's business, most agencies give up charging for those accounts that are brought current when the debtor submits a cancellation or deferment form. Many also agree

to charge the same fee for accounts that have to be referred to an affiliated agency in the borrower's locale or that require legal action.

Institutions using collection agencies should use at least two, if for no other reason than to be able to gauge the effectiveness of each. With only one agency employed, there is no competition and an institution is not able to determine the percentage of its accounts that are collectible. Some agencies may also have a tendency to work only the large accounts because, for the same number of contacts, their commission is greater. Some may never follow up beyond a few telephone calls, preferring instead to live on the commission from the easy accounts. By using more than one agency, an institution encourages alertness and effectiveness. Institutions should let their agencies know that they are using more than one for that reason.

Many borrowers simply need to know that the institution "means business" and is sincere in its attempts to collect. Several who have not previously responded do so immediately when contacted by an agency. For those borrowers, the institution would be wasting the fund if the full outstanding loan balance were referred for collection. Therefore, institutions should decide on a cutoff point to determine whether the total loan or only the amount past due is to be referred to an agency. Some institutions use a balance of \$300, while others use a balance of \$500. They then refer only the past due amount on loans with balances larger than the cutoff amount chosen by the institution but refer the total outstanding amount on loans with smaller balances. Borrowers often honor their obligations when the institution resumes billing because they do not want to be referred to an agency again. If it becomes necessary to refer an account for a second time, the institution may choose to refer the remaining outstanding amount, disregarding the cutoff figure.

Once an account has been turned over to an agency, the institution should refrain from contacting the debtor and should not send any further statements. Therefore, accounts need to be coded in a manner that will keep statements from being produced in such cases. The code should be easy to recognize in case the debtor

contacts the institution instead of the agency. Once referred, however, all debtor contacts should be through the agency.

The institution should keep accurate records of accounts referred to agencies and of the amounts referred to each agency. If only a portion of an account is sent, the account must be updated each time another payment is due. If partial payments are received, the amount and the balance must both be reported to the agency.

The effectiveness of an agency may well be influenced by the preliminary work done by the institution and the information provided. If notes were properly completed, if skip-tracing information is provided, and if the institution used a systematic follow-up, then the agency should have the information needed to contact the borrower. If the institution provides copies of notes, information sheets, and the last letters informing borrowers that accounts are being referred to an agency, the agency should be able to collect most accounts without having to ask the institution for more information.

At least monthly, the agency should provide the institution with a report, such as that shown in Appendix 6:13, of amounts collected from each borrower, along with a check for the amounts collected minus the agency's commission. The borrower's account should then be credited with the amounts paid. Agencies' fees are charged to other collection costs and reported on the year-end Fiscal Operations Report.

Agencies should be required to furnish the institution with periodic reports on the status of accounts. These reports are necessary if the institution is to know why certain accounts are not being collected. There will be some accounts with "lost" borrowers whom the agency is trying to locate. Others will be accounts which the agency feels will be collectible but are not at the present time. These are marked by the agency for action at a later date. Some will be considered by the agency as uncollectible and will be returned. The institution should refer returned accounts to another agency for an additional attempt at collection, for uncollectible accounts at one agency often become collected accounts at another.

An institution should continually review the

cost and performance of the agencies it uses through a statistical analysis such as that shown in Appendix 6:14. If collection percentages drop, if checks are not sent on time, or if accounts are held without action being taken, it should consider dropping the agency and finding another; the agency is working for the institution, and not vice versa. The agency should be required to provide an independent audit report annually and must also either be bonded in an amount to cover the assets of the fund under its control or have all collected funds deposited on receipt in a bank account in the institution's name ("lockbox" deposits).

Collection Costs

Costs incurred in using collection agencies or doing difficult collection work at the institution can be charged directly to the NDSL program. Fees paid, cost of long distance phone calls, skip-tracing, and any other charges not considered to be of routine nature are considered to be collection costs.

The Health Professions and Nursing Student Loan programs allow the cost of collection agencies to be charged to the fund as long as the fees are not in excess of the normal and reasonable fees required for such service. However, the cost must be approved by the Division of Physician and Health Professions Education or the Division of Nursing before contracting with the agency.

LITIGATION

After all other attempts at collection have failed, the institution should consider legal action against the debtor and the endorser, if any. If such action appears necessary, the business officer should not hesitate to give approval for the necessary legal steps to be carried out. Delaying inevitable action does not help the borrower, the endorser, or the loan fund.

Although specific laws governing this type of debt collection vary somewhat from state to state, an institution can recover its loan money through "litigation," which in this sense involves an attorney using established procedures in the

court system to recover money owed. This action is often referred to as "suing" the debtor. The legal basis for such action is contractual, since promissory notes are in fact contracts.

The purpose of a lawsuit is to recover money due to the institution under the terms of the promissory note. Therefore, legal action is taken only when there are sufficient assets available to pay off the loan. The cost of filing a lawsuit can range from \$5 to \$10 in a small claims court, and from \$20 to \$50 in higher courts. If the institution wins the suit, it is awarded court costs, which must be paid by the borrower out of the first proceeds. If the money is not there, however, litigation is fruitless. Certain assets are considered exempt by law and cannot be used to satisfy judgments. If there is not enough value left after all the exemptions, suing is not sensible, because the institution will not be paid.

However, sometimes there are considerations other than immediate payment that might influence a decision on whether or not to sue. For instance, in all states the "statutory" law stipulates that there are certain types of judgments that are binding for a given number of years and are renewable at the end of the expiration of those years, allowing an institution to continue with a judgment. For this reason, it may be economical to proceed with suit, get a judgment, and execute it to see what money is available. Sometimes receiving notice from the court that a judgment has been entered may cause a debtor to find money from a source about which the institution was previously unaware. Most states also provide for "supplementary proceedings" that can be used only after getting a judgment in a court of law. Attachment of bank accounts or personal property or the act of garnishing a debtor's wages are examples of supplementary proceedings that require a previous judgment.

Generally speaking, only debtors with assets are sued. The recommendation to seek legal action is often made by the collection agency handling the delinquent account or by the institution's attorney. In either case, the institution must give the approval to proceed. Some administrators fear that alumni relations will be hurt if the institution chooses to litigate against

delinquent borrowers. Their concern, of course, centers on alumni donations and the feeling that contributions would be reduced if the institution were so brazen as to take alumni to court. However, most administrators realize that former students who are past due in making loan payments are not going to contribute to alumni funds. In addition, more and more alumni are becoming aware of the effect delinquencies have on the school's ability to provide loans to new students.

NDSL regulations now require institutions to bring suit against the borrower or any proper endorser if it can be determined that the borrower has assets which may cover all or substantially all of the outstanding obligations; the borrower has no known defense; the borrower's whereabouts are known and the borrower can be easily served; and the amount outstanding exceeds \$500. Suit may be brought even if the conditions listed are not met.

The Health Professions and Nursing Student Loan programs do not require litigation, but the statutory provisions allowing expenditures from the fund for costs of litigation imply that an institution may proceed with litigation.

An institution would not normally bring suit on a GSL because full reimbursement can be obtained by defaulting the account to the guaranteeing agency. However, suit may be brought if the institution chooses, provided that before bringing suit the institution has obtained the prior approval of the guarantee agency and provided notice to the borrower that such approval has been obtained, that suit will be brought unless the borrower corrects the default (or, if the institution so demands, repays the loan in full), and that the institution will seek a judgment under which the borrower will be legally liable for payment of reasonable attorney's fees in addition to the unpaid principal and interest. Such notice must be mailed to the borrower by certified mail, return receipt requested. The institution may bring suit if the borrower does not meet the terms of the institution's demand for payment within 10 days following the notice's date of delivery, as indicated on the receipt. Payments received by the institution in satisfaction of a judgment may be first applied

to reasonable attorney's fees, whether or not the judgment makes provision for such fees. The guarantee agency normally approves a request by an institution for authorization to bring suit if it is satisfied that the borrower has the ability to repay the loan and that collection efforts required under due diligence have been carried out.

Who Should Represent the Institution?

Jurisdictional problems confront institutions when borrowers establish residency in another state. In such situations, the institution's attorney is without power unless he or she holds membership in the bar association of the pertinent state. When legal action becomes necessary, special procedures must be followed. It is customary for the institution's attorney, through the bar association, to arrange to have a corresponding attorney handle the case.

If the institution uses a collection agency, legal action through an attorney in the borrower's locale is usually possible. The institution is required to sign a form giving consent if the agency's attorney is used. No agency should be allowed to proceed with legal action on any account without specific approval.

Requirements

If a debtor's payment habits have been so bad that legal proceedings, which are expensive and time-consuming, are necessary, the full outstanding balance of the loan should be made immediately due and payable if the promissory note contains an acceleration clause. Success in collecting an amount past due should not lead to the assumption that a borrower will be diligent from that point on.

Courts usually require three copies each of the promissory notes and statements of disbursements and receipts on the loan in question. Appendix 6:15 shows a sample statement for use on an account being placed with an attorney. In general, each advance given and each payment, broken down between principal and interest, should be shown. All deferment periods and cancellation should also be shown. The total due should be broken down between principal and interest.

When a borrower responds to a summons, a representative of the institution must usually appear. In such cases, the complete file should be reviewed regarding the reason for the objection prior to the court appearance.

UNCOLLECTIBLES

All institutions experience the problem of uncollectible loans, in spite of due diligence and care taken to insure against uncollectible loans. Retailers sometimes say that businesses that never experience credit losses are missing many good customers. The same is true with regard to the types of loans made by institutions of higher education. The need factors required for a student to qualify for a loan are such that all loans are given to "potential" defaults. At the time the loan is made, the borrower usually has no assets and rarely has established credit that could be used for judging creditworthiness. From this standpoint, then, it is surprising that delinquency rates are not higher and uncollectible loans are not greater.

Compromise

To "compromise" an account means to adjust or settle the account by mutual concession. Compromise is not practical in the case of GSLs because they are guaranteed to the institution on a 100 percent basis. Health Professions and Nursing Student Loans do not address this issue and it is assumed that compromising is not allowed.

NDSLs allow an institution to compromise an account in some cases. Compromise usually happens only on the advice of an attorney who feels that the out-of-court settlement of a debt for an amount less than the borrower owes is advisable. In such cases the burden of making a decision as to whether and to what extent a claim should be compromised rests with the lending institution. Compromise is appropriate only after careful consideration of such factors as possible legal defenses the debtor may have, the cost of litigation in relation to the size of the claim and the likelihood of satisfying a judgment once obtained, the debtor's present financial situation and his or her future mone-

tary prospects (a debtor may, for example, have a low-paying job with poor prospects, have a large family to support, or be in poor health), and the debtor's physical locale in relation to the institution (he or she may travel extensively or reside outside the country). In each case where a claim is compromised, the records of the institution must reflect the basis for doing so.

A borrower attempting to have a loan compromised could be compared to a person bargaining to buy something. The seller asks a certain price; the buyer offers something less. The "compromise" is usually something in between. In dealing with a borrower, an institution should try to recover at least the total outstanding principal.

Write-Offs

A write-off is elimination of an item from the books of account. For loans, a write-off means cancellation of a debt for reasons of nonpayment. Write-offs should not be confused with loan cancellations that have been provided for in the loan provisions. Those cancellations, which are granted because of some action (as opposed to lack of action) by the borrower, are discussed later in this chapter.

GSL write-offs are handled as requests for reimbursement from the guaranteeing agency. Claims are filed on forms provided by the agency at the time the institution determines that the loan is in default, as prescribed by due diligence. The claim must be accompanied by such documentation as is required to prove due diligence. This documentation includes, but is not limited to, the loan note, the loan application, and the original or a copy of all documents and communications maintained, as required by due diligence. When filing the default claim, the institution must complete an affidavit on a form provided by the guarantee agency to the effect that, to the best of the institution's knowledge and belief, the borrower is not entitled to deferment of the repayment of the principal as provided for in the case of student, military, Peace Corps, or VISTA status.

There are no provisions for writing off Health Professions or Nursing Student Loans, inas-

much as the governing statutes for these programs do not authorize the expenditure of student loan funds for such losses. Therefore, an institution must continue to carry outstanding loans on the books as long as the programs remain in existence, or until legislation provides for an alternate method.

NDSLs may be written off (assigned) to the U.S. Office of Education if the loans are in default two years or more despite due diligence on the part of the institution. Any note assigned to the U.S. is assigned "without recompense"; the institution thereby gives up its interest, including its matching portion of the loan.

All NDSL notes classified as uncollectible must be valid instruments; that is, they must contain proper signatures and correct entries to amounts advanced and dates. Due diligence in attempting to obtain collections must be demonstrated. In doing so, an institution must maintain a collection history for each borrower, showing the date, nature, and results of each contact made with the borrower and any proper endorser for the collection of the delinquent loan. Copies of all correspondence addressed to or received from the borrower and endorser must be included.

An institution must also maintain a payment history for each borrower, showing the date and amount of each payment received from or on behalf of the borrower or a proper endorser over the life of the loan. This payment history must also indicate the amounts of each payment that are attributable to principal and interest.

The default must be submitted on OE Form 553, shown in Appendix 6:16, which may be obtained from the Collections Section of the U.S. Office of Education. These forms must be originals; copies are not acceptable.

An institution should be absolutely certain that its notes contain the correct terms as required by the amendments, that they have been properly prepared, and that they have been properly signed — in other words, that they are legal. If an institution is found to have defective or invalid notes, the institution that owns the notes is required to buy them by depositing into the fund an amount equal to the uncollected principal. Although the institution could then

proceed to collect the loan, the loan would not be a part of the NDSL program.

SKIP-TRACING

Due diligence does not include the continued mailing of a series of statements or letters to the same address when it becomes evident that the borrower or endorser no longer lives there. In spite of precautions taken and information obtained while the borrower is in school, some borrowers eventually become "skips." When this happens, the institution must attempt to find a correct address. Appendix 6:17 is a checklist of sources to be used in tracing accounts.

Success in skip-tracing is often contingent on the information provided. The following information, listed in order of priority, is considered important in locating "lost" borrowers: parents' name and address, parents' employment, other relatives' addresses, spouse's employment, and borrower's employment. The more information provided, the greater the probability of success in location.

The institution may be able to trace a borrower through information obtained from him or her while enrolled, or through the registrar's, alumni, or other office. The institution should also try to find the borrower's telephone number through checks of directories or with information operators in the city or town of the borrower's last known address. If the number is located, the borrower should of course be called.

By skip-tracing, an institution should be able to reduce the number of accounts referred to a collection agency. When the borrower is located, the institution should immediately contact the borrower for the purpose of collecting the amount due. The importance of being able to send a statement to the correct address cannot be over-emphasized; most borrowers respond once located.

The Comptroller General's report on NDSLs reveals interesting facts about skip-tracing. The Educational Testing Service study requested officials to assess the effectiveness of several techniques for locating delinquent borrowers, including the federal skip-tracing service,

parents or guardians, alumni offices, college placement officers, driver's license agencies, armed forces, merchants' retail credit associations, and schools to which grade transcripts had been sent. Fiscal officers reported that the most effective method for locating delinquent borrowers was contacting their parents, with 72 percent stating that such contact was fairly or very effective. The next most effective means was contacting the alumni office (38 percent), followed by contacting schools to which transcripts had been sent (31 percent), the armed forces (25 percent), the federal skip-tracing service (22 percent), and driver's license agencies (10 percent).

If an institution cannot locate a borrower from information available at the institution, it must engage the services of a commercial skip-tracing organization. Such services are available at reasonable fees. At least one company offers skip-tracing services on a contingent basis with a charge of \$6 per "locate" as long as the account is not more than 120 days past due. The fee jumps to \$25 per locate if the account is more than 120 days past due.

Free skip-tracing service is provided by guarantee agencies for GSLs. An institution should use this service as soon as mail is returned. The federal skip-tracing service, which had been suspended for a period of time, has received the required approval to be resumed and will be available for NDSLs.

CANCELLATIONS, DEFERMENTS, AND POSTPONEMENTS

Normally, institutional loans do not provide for cancellations, deferments, or postponements, although they may provide for renewals. Renewals, which usually require the borrower to negotiate a new due date, pay the accumulated interest, and then sign a new note, are similar to but not quite the same as deferments or postponements provided for in the other programs.

The federal loan programs provide for cancellation, postponement, or deferment of payments for a number of reasons, including teaching, practicing in shortage areas, death, disability, bankruptcy, additional student status,

military, Peace Corps, VISTA, advanced professional training, unemployment, good cause, and forbearance. Because these are legal means of keeping a borrower's account current, an institution should be familiar with each possi-

bility of cancellation, postponement, or deferment. Each case must be documented by the borrower, certified by an official at the borrower's place of status, and forwarded to the lending institution for approval.

Cancellations

PROGRAM	REASON	YEARLY PERCENTAGE THAT MAY BE CANCELLED	TOTAL PERCENTAGE THAT MAY BE CANCELLED
<i>National Defense</i>	Teaching	10	50
	Low-Income Teaching	15	100
	Handicapped Teaching	15	100
	Death, Disability, Bankruptcy	—	100
	Military	12½	50
<i>National Direct</i>	Low-Income and Handicapped Teaching (percentages for year one through year five)	15, 15, 20, 20, 30	100
	Head Start Staff	15	100
	Death, Disability, Bankruptcy	—	100
	Military	12½	50
<i>Guaranteed</i>	Death, Disability, Bankruptcy	—	100
<i>Health Professions</i>	Practice in Shortage Areas	10	50
	Practice in Rural Shortage Areas	15	100
	Death, Disability, Bankruptcy	—	100
<i>Nursing (before 11/17/71)</i>	Employed in Nonprofit Agency	10	50
	Practice in Shortage Area	15	100
	Death, Disability, Bankruptcy	—	100
<i>Nursing (after 11/17/71)</i>	Employed in Nonprofit Agency (percentages for year one through year five)	15, 15, 15, 20, 20	85
	Death, Disability, Bankruptcy	—	100

The NDSL program provides cancellation for six reasons: teaching, Head Start staff, military, death, disability, and bankruptcy. Appendix 6:18 provides detailed explanations of terms, procedures, and provisions.

No portion of any loan granted from the NDSL fund may be canceled for services performed by a borrower before the date of execution of the loan note. Also, no payment may be refunded unless the repayment was made as a result of an institutional error.

For National Defense Student Loans, for each award year the Commissioner pays to each institution its share of the interest that has been prevented from accruing and the portion of the principal that has been canceled because of teacher or military cancellation. This payment is not a part of the fund and may be used at the institution's discretion.

For National Direct Student Loans, for each award year the Commissioner pays to each institution, for deposit into its fund, an amount equal to the amount of principal and interest which has been canceled from its student loan fund for that year because of teacher, Head Start, or military cancellation.

An institution may not exercise the minimum repayment provision in a note that is subject to partial cancellation for a period covered by a postponement if the borrower receives a partial cancellation of the note for that period. If a borrower has received both Defense and Direct Loans and is eligible to have only one of those loans canceled, the amount due on the loan not being canceled shall be at the rate established by the repayment schedule.

Health Professions and Nursing Student Loans grant cancellations for four reasons: death, disability, bankruptcy, and service or practice under certain conditions. Appendix 6:19 provides detailed explanations of terms, procedures, and provisions.

Cancellation for GSLs is limited to death, disability, and bankruptcy. Appendix 6:20 provides additional information.

Deferments

Deferments are granted for specified periods of time while borrowers are again enrolled in

school, are in military service, the Peace Corps, VISTA, or advanced professional training, and, in certain instances, are unemployed. Federal statutes governing the loan programs state that payments are not due and interest does not accrue during these periods.

Other types of deferments may be granted if the institution feels justified in doing so. These are usually referred to as "good cause" or "hardship" deferments, but the term used by the NDSL regulations is "extraordinary circumstances." Health Professions and Nursing Student regulations are silent on this type of deferment, but it is assumed that the institution would not be wrong in extending repayment for good causes as long as it appeared the borrower would repay. For GSLs the term for this type of deferment is "forbearance."

The borrower is responsible for initiating the request for deferment, which must be certified by an official in the organization that may be making the borrower eligible for the deferment. The form is then returned to the lending institution for approval. Since deferments are a legal means of keeping an account current, institutions should urge eligible borrowers to submit the forms at the proper times: when the first payment is due following the borrower's entrance into such status, immediately after any change in status, and at least annually as long as the borrower remains eligible.

Each federal loan program has its own rules and types of deferments. The National Defense/Direct Student Loans provide that installments of principal need not be paid and interest will not accrue during any period when the borrower is a student or is in the military, Peace Corps, or VISTA. Interest continues to accrue and must be paid by the borrower if the institution grants deferments for extraordinary circumstance or less than half-time attendance. Appendixes 6:21a-c provide additional information about NDSL deferments.

The Health Professions and Nursing Student Loan programs state that interest does not accrue on the loan and repayment of principal is not required when the borrower is a student, is in uniformed service or the Peace Corps, or

is taking advanced professional training, as described in Appendix 6:22.

The GSL program provides for five types of deferment plus forbearance. Deferments under the GSL program begin at the end of the nine- to twelve-month grace period and require documentation of the validity of the request for deferment. Detailed information on GSL deferments for student status, the military, Peace Corps, VISTA, and unemployment is given in Appendix 6:23.

Forbearance

A borrower who is experiencing difficulty in repaying and does not qualify for a regular deferment may be granted forbearance. A lender is encouraged to grant forbearance during temporary hardship when the borrower is willing but unable to pay because of unemployment (beyond eligible deferment), health, or other personal problems that affect his or her ability to make current payments. The borrower and lender must agree in writing on such a forbearance and the guarantee agency must approve it. However, forbearance is not to be used as a means of curing a delinquent or defaulted account. Interest continues to accrue during a forbearance and must be paid by the borrower. Interest cannot be billed to the government during forbearance, even if the student qualifies for interest benefits.

The guarantee agency may enter into an agreement with the lender to permit the lender, without further approval, to exercise forbearance in accordance with the following terms:

- The lender must reasonably believe that the borrower intends to, and will, repay his or her loan, but is financially unable to make current payments in accordance with the terms of the loan note. The basis for this belief must be summarized in writing and maintained in the lender's records.

- The agreement between the borrower and the lender must be made on a form provided or approved by the guarantee agency and must bear the borrower's signature as well as that of an authorized official of the lender.

- The borrower may be permitted to defer payments altogether, or to make payments of

principal and interest at a rate less than that required by the terms of the payout note or the \$360.00 minimum payment, for a period of not more than six months where the lender is a participating institution, an insurance company, a pension fund, or an agency or instrumentality of a state; or for a period of not more than one year in the case of other lenders.

- If the agreement between the borrower and the lender provides for deferment of all payments for a period of more than two months, the lender must contact the borrower at least every two months during the period of forbearance in order to remind the borrower of his or her outstanding obligation to repay.

- The agreement between the lender and the guarantee agency may be terminated by the guarantee agency upon a finding that the lender has failed to comply with these provisions. If a lender, having such an agreement with the guarantee agency, determines that a borrower intends to, and will, repay the loan but is financially unable to make payments in accordance with the terms of the loan note, at the conclusion of the authorized six months of forbearance the lender may request approval from the guarantee agency for an extension of the period of forbearance. An extension cannot be approved for a period of more than six months, but further extensions may be applied for in the same manner as the first one.

Postponements

A borrower who qualifies for cancellation or deferment, but who would normally be required under the terms of the note to complete payments before the end of the eligible year, may request that payments be postponed. Such a request allows the institution to accumulate the payments until the end of the eligible period of time. The borrower would then be required to submit a cancellation or deferment form. If the request for cancellation or deferment were approved, the payments would then be postponed and the borrower's account would remain current. If, at the end of the postponement period, the borrower does not qualify for cancellation or deferment, the payments that had been postponed would be due.

For example, a borrower who begins teaching in September and who would normally have payments of \$45 due each September, December, March, and June could have the payments postponed until the end of the teaching year in June. In June the borrower would be billed for \$180 to cover the four postponed payments. If the borrower did not complete the year of teaching and did not qualify for cancellation, the \$180 would be due as of June 1. The institution should not consider the account past due unless, of course, the \$180 is not paid by the end of June.

Most of the loan programs refer to postponing only if the borrower qualifies for cancellation. However, postponements can also be used for deferments. Rather than requiring a deferment form monthly, bi-monthly, or quarterly, granting postponement of the end of a period of time (never longer than one year), saves time for both the institution and the borrower.

If a borrower has received both Defense Loans and Direct Loans and he or she is eligible for cancellation benefits on only one of those loans, only the loan repayments due on the loan for which cancellation is available may be postponed.

Loan Repayment by the Government

Under certain conditions, and subject to availability of funds, the Secretary of HEW may repay all or a part of the borrower's Health Professions or Nursing Student Loan. As far as the institution is concerned, this is not a cancellation because the loan is being repaid rather than canceled. For the borrower it is the same as a cancellation, since all or a part of the remaining balance of the loan is paid by someone other than the borrower.

Payments by the Secretary of HEW are made if the borrower fulfills the five conditions detailed in Appendix 6:24.

REPORTS

Past Due Lists

Each institution should prepare a monthly list of its past due accounts to aid the collector in keeping track of those accounts and to make certain that the accounts pass through an orderly

system of due diligence. Management can also use the list to judge the effectiveness of collectors. Preparing past due lists monthly assures updated status of borrowers' accounts.

Delinquency Reports

Although there have always been delinquency or default rates in the loan programs, it is only in the last few years that the rise in the rate and its effect on the programs have become subjects of real concern.

As long ago as 1969, institutions were told that "an unsatisfactory loan collection experience, accompanied by a failure to comply with the principles and requirements outlined, could result in suspension or even termination of the loan programs, with the unfortunate effect of depriving financial assistance to many needy, deserving students" (see Appendix 17 to the 1967 "Manual of Policies and Procedures" published and distributed by OE). Many institutions ignored this warning, with the result that some loan program funds were cut.

Because many administrators are not aware of their institution's delinquency problem, reports should be distributed monthly to all administrators who have a concern with the loan program, such as the financial aid officer, chief business officer, controller, and perhaps the president.

NDSL regulations have changed the method of calculating the default rate several times. The rate is currently calculated by dividing the principal amount outstanding on loans in default 120 days (if repayment is monthly) or 180 days (if repayment is other than monthly) by the principal amount of all loans made minus the principal amount of loans that have not reached the repayment period. Using the Fiscal Operations Report (Form 646, revised 9-78), page 6, the formula would be: $\text{Line 6.8e} \div \text{Line 1b} - (4.1b + 4.2b + 4.3b) = \text{Default Rate}$. See Appendix 2:1.

Default rates of Health Professions and Nursing Student Loans have not been publicized and the Public Health Service has not established a formula to be used. However, institutions can determine how they stand by using the following method. Using the Annual Operating Report

(Form HRA 36-13), page 3, the formula would be (cumulative): $\text{Line I total} \div (\text{Line C4} + \text{H total}) = \text{Rate}$. See Appendix 6:25.

GSL delinquency rates are taken from the Call Report (OE Form 1166-2) as follows: $\text{Line 14} \div \text{Line 9} = \text{Rate}$. See Appendix 6:26.

Each institution should devise a means of calculating the rate monthly in order to have a comparison over a longer period of time. This rate should be compared among other schools of like size as a means of gauging the effectiveness of the institution's collection procedures.

Auditing and Compliance

Preceding chapters describe the procedures necessary to effectively administer a student financial aid program. Those chapters point out the need for (1) effective communication throughout the process, which involves students, administrators, and government agencies, (2) objectives and standards to insure that the aid program operates as intended, and (3) operational controls to make certain that transactions are properly authorized and accurately recorded.

The system is complex. Government regulations have become more stringent and will probably continue to do so. The resources necessary to administer the function are costly; bookkeepers, loan collectors, cashiers, counselors, accountants, and computer personnel all contribute to support activities for aid programs. Yet even after an institution has made the necessary investment to develop standards, implement procedures, and install an adequate staff, it cannot guarantee that the function will operate optimally forever. Periodic assessments of the overall activity are necessary to assure that the system is operating as intended; the process of evaluation constitutes the audit function.

This chapter discusses the internal audit function as it relates to student financial aid and some important aspects of HEW-required audits of federally assisted aid programs. There is much overlap between the two. Perhaps some day all institutions will have demonstrated a compliance level that will cause a relaxation of Office of Education regulations so that only

periodic internal audits will be required. Until that day arrives, however, federal requirements have special relevance to institutions that use federal student financial aid.

INTERNAL AUDITING

As an appraisal activity of a higher education institution, internal auditing reviews operations within established policy guidelines and provides managers with reports, conclusions, and recommendations on the results of reviews. In addition, it is an element of managerial control and is responsible for measuring and evaluating the effectiveness of such control within an institution.

Internal auditing is extremely useful to colleges and universities in evaluating the student financial aid function. However, many small institutions do not have a person whose sole responsibility is internal auditing; in some other cases, the internal auditor is the only person performing this function. The material in this chapter is intended for the use of all institutions, regardless of how the function may be integrated into the administrative structure. Ideally, the auditing function should be as independent as possible of officials responsible for student financial aid processes, but reviews do not necessarily have to be performed by an internal auditor. Some institutions, on the other hand, have large, highly skilled internal audit departments where auditors can provide management services well beyond an evaluation of

internal controls; officers responsible for student financial aid in such institutions are encouraged to use those services.

The internal auditor plays a unique role in an institution's administration of student financial aid. By crossing departmental lines, he or she can review the aid program from beginning to end and identify potential or actual problems. The auditor can also recommend corrective action without creating the suspicions of "empire building" or "passing the buck" that might ensue if suggestions for change came from someone more closely involved in the process.

As a staff member, the internal auditor is free of daily operating responsibilities. Managers of aid processes who may resent an auditor's conclusions and recommendations, feeling that they could have done an equally good job had they only had the time, are usually correct. But they do not have the time, while the auditor does. Freedom from daily operating responsibilities is a significant advantage to the auditor in reviewing operations.

As a specialist in management control, the auditor evaluates systems to identify current or potential weaknesses and recommends improvements to avoid, as well as to correct, problems. For example, an auditor who discovered that an institution's computer could report, at little cost, students who received aid but whose academic load fell below half-time, would recommend production and distribution of such a report even if there had been no significant problems of students' dropping classes.

The internal auditor has, or can secure the attention of senior management, and can usually expedite obtaining of approval to spend resources necessary to correct problems. Unlike an outsider, such as a consultant, who works on a contract for a specified period and then leaves the institution, an internal auditor is an employee of the institution. The auditor is thus available for further consultation and follow-up on the actions taken on his or her suggestions.

Much of the abuse in student financial aid programs comes from neglect or other management problems; however, fraud or other intentional misuse does sometimes occur. In such

situations the internal auditor has a responsibility to take whatever action is appropriate according to the policies of the institution.

Governmental agencies, governing boards, administrative officers, and the officer directly responsible for the financial aid program are all interested in how the program is administered. Governmental agencies want to be assured that funds have been expended for their intended purposes and have been administered in accordance with the relevant terms and conditions. Governing boards want to be assured that their policies for operating the institution have been followed. The institution's administrative officers want to know whether the institution's procedures are still current and are being followed. The officer directly responsible for the program wants a periodic, detailed evaluation of operations to determine how well the personnel and systems that have been assembled are doing the job.

With proper preparation and coordination, periodic audits can effectively meet the needs of each of these interested parties. By following the recommendations in this chapter, audits can be conducted with minimum difficulty for the auditors and without undue time or effort by financial aid administrators.

PREPARATION FOR THE AUDIT

Auditors should notify departmental officials of any audit plans as far in advance as possible but at least two weeks before their arrival. Auditors are usually accommodating in scheduling visits around peak periods, such as student registration periods and other inopportune times.

Auditors need work space and access both to the financial aid files and to the persons who perform the work of the office. When they arrive, the auditors should be introduced to the persons with whom they will work. This is an excellent time for the auditors to be briefed on office practices, such as hours the office is open, and on any other conventions to which the auditors should conform during their visit. They should be told how requests for information are to be channeled, who the designated contacts

will be during their visit, and with whom to discuss any criticisms or evaluations.

These matters are important to insure a steady work flow during the period of the audit and to make certain that none of the auditor's suggestions is implemented without proper authority. It is also a good practice to notify the entire staff that the auditors are there, to explain why they are there, and to answer any questions the staff may have regarding the audit. Usually the auditors will be pleased to participate in any such presentation. A proper orientation at the beginning of the audit can eliminate potential confusion, eliminate any unnecessary worry, and stifle rumors. Following this procedure enables the department to operate normally during the period of the audit.

SCOPE OF THE AUDIT

Auditors sometimes have a very specific purpose; in such cases, their visits are usually brief and are limited in scope. However, if a comprehensive audit of the entire operation is planned, the auditor will want to know that:

- Financial operations are being conducted properly;
- Financial reports have been presented fairly;
- Financial aid resources and any other assets of the department are being safeguarded;
- Financial aid resources are being used economically and efficiently;
- All applicable laws and regulations, including the institutions' own policies and procedures, are being followed; and
- The established objectives for the department are being accomplished.

The auditor's work is divided into several sequential steps, namely, the audit survey, an audit program, and field work, on which the auditor bases conclusions and writes a report.

THE SURVEY

Auditors have expertise in the fields of management control and financial reporting. Rarely is an auditor completely familiar with departmental operations and financial aid requirements

imposed by the institution, donors, and government agencies. Therefore, the auditor must first become familiar with the operation to be audited and the requirements imposed on it by external agencies. The audit survey allows the auditor to gain enough familiarity with the operation to plan the audit. The survey helps the auditor decide which areas require the most attention. The following factors are considered in the auditor's survey:

- *Value of resources.* The auditor should concentrate on the programs with the most dollars and should place special emphasis on those with the greatest susceptibility to loss. The survey should show where the dollars were spent and which of these assets are most liquid.

- *Dynamism of the programs.* The auditor should be alert to changed conditions. Programs that have grown rapidly, that are new, or whose regulations are in a state of flux are targeted for attention because control problems often appear in times of rapid growth or change.

- *Tenure of key personnel.* Effective administration requires experienced, well-trained personnel. During the survey, the auditor's inquiry determines the tenure of key people and their backgrounds. The internal auditor investigates the causes of any rapid turnover in personnel.

- *Known problem areas.* The auditor has an obligation to determine that known deficiencies have been corrected adequately. However, if problems have been identified, their causes are known, and corrective action is under way, there is little need for the auditor to become involved.

- *External requirements.* The concern here is twofold. The auditor should conduct the audit in compliance with any regulations that require the programs to be audited and should identify areas where noncompliance with directives or regulations could result in serious consequences to the institution.

- *Work of others.* The work of other auditors and consultants is carefully considered and, whenever possible, used to limit the scope of the audit being conducted.

- *Date of last audit.* If the program has recently undergone a comprehensive audit, the auditor should be able to limit the present assignment.

Conversely, lengthy periods without audit generally result in the need for a more thorough examination.

THE AUDIT PROGRAM

After the survey is completed, the auditor drafts a plan of work, referred to as the audit program, that usually contains a statement of the purposes of the audit and the steps necessary to attain that purpose. Usually these steps are presented in the sequence in which they will be carried out. A space is provided for the person doing the work to sign as each step is completed and to list the location of supporting documents in the working papers. The program helps the person doing the work to follow the audit plan and enables those who review the work to assure themselves that all steps have been completed.

In most instances, the auditor is pleased to discuss the program. Such discussion provides the auditee with an opportunity to become more familiar with the audit process, to know what records and people need to be accessible to the auditor, and to review any matter of particular concern. The audit program is a working document and should remain flexible. However, once the plan has been approved, any additions or deletions should be clearly explained. After the audit program is established, the auditor begins the investigation.

AUDIT FIELD WORK: EVIDENCE

After the program has been developed, the auditor collects sufficient, reliable, and relevant evidence on which to base recommendations and conclusions. In evaluating the quality of evidence, information from an independent source is considered more reliable than information from the organization being audited; a system having sound internal control is considered more likely to produce reliable information than a system with weak controls; direct evidence, such as physical examination, is preferred to indirect evidence; and original documents are considered more reliable than copies.

If the system of internal control appears to be reasonably sound, the auditor may concentrate on verifying whether internal controls in the system actually work as intended, thus minimizing the number of transactions to be tested. If, in the auditor's judgment, the system of control is not sound, he or she should minimize testing of the system and emphasize examination of transactions produced by the system.

Verification of information is an essential process in the auditor's investigation. The auditor follows generally accepted auditing standards when attempting to verify information that has been submitted. Because information from outside the department is preferred to that from within, for example, borrowers are contacted to verify the amount of their debt and payments that have been made recently and banks are asked to independently verify account balances.

In the process of conducting field work, the auditor may request copies of documents that will be retained in the audit working papers on a permanent basis. If a deficiency is noted, the auditor will discuss the working papers that explain how the conclusion was reached.

Evaluation of management, or internal, controls is a fundamental part of evaluating whether financial operations are conducted properly. The Committee on Auditing Procedure of the American Institute of Certified Public Accountants issued "Statement on Auditing Procedure No. 29" in October 1958 (*AICPA Professional Standards: Auditing, Management Advisory Services, Tax Practice*, Volume 1, AU Section 320.11, Commerce Clearing House, Inc.) This statement subdivides internal control as follows:

Internal control, in the broad sense includes . . . controls which may be characterized as either accounting or administrative as follows:

a. Accounting controls comprise the plan of organization and all methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of the financial records. They generally include such controls as the systems of authorization and approval, separation of duties concerned with record keeping and accounting reports from those concerned with operations or asset custody, physical controls over assets, and internal auditing.

b. Administrative controls comprise the plan of organization and all methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate

only indirectly to the financial records. They generally include such controls as statistical analyses, time and motion studies, performance reports, employee training programs, and quality controls.

A properly designed system of internal control should routinely detect errors and other irregularities in a timely manner. An evaluation of the control system assists in determining what other audit procedures are necessary. The evaluation considers the extent to which responsibilities and control are separated in such areas as cash handling, loan approvals, loan collections, and transaction recording. The review also determines the extent to which policies and procedures are clearly defined and disseminated.

A questionnaire is one technique used by auditors to evaluate internal control. An internal control questionnaire (ICQ) is a series of questions about the organization or program. The questions are constructed so that a positive answer indicates a strength; if the questionnaire is not designed specifically for the audit being conducted, a "not applicable" answer must be included as an option. A negative answer indicates a matter requiring further evaluation; it does not necessarily indicate that a deficiency exists but alerts the auditor to a condition requiring further evaluation. Other controls may compensate for the absence of a desired control.

ICQs are not within the exclusive domain of auditors. They may also be used for self-evaluations. An excellent source to use for this purpose is the National Association of Student Financial Aid Administrators' *Institutional Guide for Financial Aid Self-Evaluation*.

Often, an auditee is surprised that the same questions are asked of two or more people. The purpose of this technique is to corroborate information. For example, the auditor might use this approach to determine if the accounts receivable bookkeeper and the supervisor agree on how loan payments are processed.

FLOW CHARTS AND COMPUTER TESTING

Many auditors use flow charts to analyze the flow of work through the system. Flow charts depict the function graphically to facilitate a comprehensive evaluation of the total system.

Auditors using this technique can see both strengths and weaknesses in internal control; possible bottlenecks can also be identified. Good flow charts are useful to the financial aid administrator, as they help in reviewing, writing procedures for, and planning changes in the system. If the auditor has prepared flow charts, financial aid officers should request copies for their files.

As financial aid records become more computerized, the auditor increasingly must evaluate the computer processes. If the computer application is a simple one, the auditor may be able to avoid the task. But as the computer process becomes more extensive and sophisticated, evaluation of data processing controls becomes more involved. The auditor's concerns include completeness (were all data entered in the system processed?), accuracy (were data processed as intended?), and data security (were only authorized transactions processed and were all changes authorized?).

Many techniques are now available to auditors and, since this is an area of rapidly changing audit procedures, new techniques are still being developed. The most common is the use of an audit software package, which generally has the capability of taking machine-readable data and counting the records, checking calculations, detecting missing records, and selecting samples of transactions.

AUDIT REPORTS AND FOLLOW-UP

The internal auditor should keep departmental officials informed of the status of matters as the audit progresses. Even so, the audit project culminates with a formal written report. A preliminary draft of this report is normally discussed with those responsible for student financial aid before the final report is distributed. An exit interview with the department head affords an opportunity to discuss audit findings and recommendations, to achieve agreement on factual matters, and to obtain relevant comments from the department head for incorporation into the final report. The report includes comments of the auditee as necessary and includes remarks

regarding progress on correcting the findings if action is under way at the time the report is being written. The format for audit reports varies by institution, but each report should:

- Include an introductory paragraph describing the activity audited, the period covered by the examination, and the general scope of the audit and any limiting factors;

- Present principal findings without bias and in sufficient detail for the reader's comprehension;

- Present recommendations to remedy the situations reported;

- Include information about the underlying causes of reported deficiencies to assist in implementing corrective action;

- Include commendatory remarks if they are warranted; and

- Emphasize improvement of operations, rather than dwell on criticism of past performance.

- Internal audit reporting practices vary among institutions. In many situations, the auditee is required to respond to the report in writing; those remarks are included in the final report. In other situations, the auditee's remarks may follow the date of the report by two weeks to three months. Follow-up is necessary in any case; most institutions require written follow-up stating agreement or disagreement with the report, actions to be taken to correct any deficiencies noted, and the date corrective action is anticipated.

FEDERAL GOVERNMENT AUDIT REQUIREMENTS

Institutions must have their federal student financial aid programs audited. Two audit guides issued by HEW cover the campus-based and BEOG programs. One, the *Guide for Audits of National Direct Student Loan Program, College Work-Study Program, Supplemental Educational Opportunity Grants Program*, covers the NDSL, CWS, and SEOG programs and contains the following provision:

All of an institution's transactions involving its [CWS/NDSL/SEOG] funds shall be audited by the institution or at the institution's direction to determine, at a minimum, the fiscal integrity of financial

transactions and reports and whether such transactions are in compliance with applicable laws and regulations. Such audits shall be performed in accordance with the Department of Health, Education, and Welfare "Audit Guide" for student financial aid programs, and shall be scheduled with reasonable frequency, usually annually, but not less frequently than once every two years, considering the size and complexity of the activity of the program.

There is a separate *Guide for Audits of Basic Educational Opportunity Grant Program* that has similar requirements. Appendix 7:1 summarizes some of the audit objectives for these programs. (As this manual went to press, there were proposed audit requirements for institutional (nonregulated) lenders under the GSL program. In all likelihood, these requirements will be implemented for fiscal years beginning in 1980.) The Office of Education insures that all audits are performed as required by the regulations. Audits must be conducted in accordance with the HEW audit guides, and significant deviations from them must be approved by the HEW Regional Audit Director of the region in which the institution is located. Persons responsible for the programs should be aware that provisions in the guides may be changed by HEW without submission to the public for comment.

Audits may be conducted by independent certified public accountants (CPAs), licensed public accountants licensed on or before December 31, 1970, or the institution's internal audit staff. If audits are conducted by the internal audit staff, the internal auditor must meet the standards of independence required in the U.S. General Accounting Office publication, *Standards for Audit of Governmental Organizations, Programs, Activities & Functions*. The three categories of these standards—general, examination and evaluation, and reporting—are summarized in Appendix 7:2. The complete statement of standards may be ordered from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, by requesting Stock Number 2000-00110.

The HEW audit guides require that the final audit report be issued to the institution's governing board and/or president, as appropriate. The required format for the report includes

cover page, table of contents, exhibits and schedules, and narrative sections as necessary.

The table of contents is to set forth the major sections with page numbers, as follows:

- Introduction
 - Background
 - Scope of Audit
- Highlights of Audit Results
- Financial
 - Auditor's Report on Financial Statements and Schedules
 - Exhibits and Schedules
 - Findings and Recommendations—Financial
- Internal Accounting and Administrative Controls and Compliance
 - Auditor's Conclusions on Internal Accounting and Administrative Controls and Compliance
 - Findings and Recommendations—Internal Accounting and Administrative Controls and Compliance
- Prior Audit Reports

The audit report on the student aid programs should be issued not later than 180 days after the end of the program year (which normally ends June 30) unless special circumstances warrant an extension of the issuance date. If an extension of time is needed, the Division of Certification and Program Review at OE headquarters should be advised and provided with a revised target date for submission of the final audit report.

If the audit of the institution's BEOG program was conducted along with the review of the campus-based programs, the results of the BEOG audit may be incorporated in this report.

The auditor must transmit thirteen copies of the final audit report directly to the appropriate HEW Regional Audit Director. An independent audit firm also provides the institution with a minimum of two copies of the final audit report. The internal auditor follows the institution's policy for internal distribution of the report.

GOVERNMENT HANDLING OF THE REPORT

When HEW receives the copies of the audit report, it evaluates the quality of the audit and develops a plan to assure that all deficiencies reported will be corrected. Once the reports have been sent to the Regional HEW Audit Agency, events take place as follows:

- The Regional Audit Office assigns to the report an Audit Control Number, which is used for all future references.

- A staff member at the Regional Audit Office reviews the report to determine that it was prepared in accordance with the most recent HEW audit guides. This review determines whether all necessary statements are in the report and whether schedules were prepared properly.

- The institution's auditor is contacted to resolve any problems spotted during this review.

- After the review, the HEW Regional Audit Director sends a letter to the institution acknowledging the report, restating findings, and asking that corrective action, if necessary, be taken and reported to the program officer.

- This letter and report are encoded for entry into HEW's "Stewardship Report," which is a monthly listing of colleges and universities that have unresolved audit findings. This report classifies items according to the length of time they have been outstanding. The institution's reports on corrective action are also encoded and when all outstanding findings have been addressed, the entire audit is removed from the "Stewardship Report."

- When all items have been settled, the program officer sends a report confirming the settlement to the institution. The Regional Audit Director also receives a copy of this report.

HEW plans to review in detail 5 percent of all audit reports submitted by colleges and universities. Most of those will be selected on a random basis, while some will be selected on a judgmental basis. The criteria for judgmental selection will be if the report does not appear to be of high quality or if HEW has experienced problems with the institution.

If an institution's audit report is selected for review, HEW auditors will make arrangements

to have access to the working papers supporting the audit report. The actions to be taken in the event that deficiencies are noted during this review are discussed in the HEW audit guides.

Institutions should submit the Fiscal Operations Report to the Bureau of Student Financial Assistance in time for review by the auditor, but not later than 90 days after the end of the program year. This report is the focal point for the financial portion of the auditor's examination.

PRIVACY ISSUES

Regardless of whether an institution's own internal audit staff or CPAs conduct the audit, the final reports are to be submitted to HEW and the work papers are subject to review by HEW audit. Therefore, the degree of confidentiality that is customary between internal auditors and the institution's line managers cannot be guaranteed for these particular reviews. Anything that HEW may acquire through this audit process has the potential of becoming a public record. Those responsible for student aid data must thus establish a protocol regarding what information is available and how it is to be used. It is critical for the auditor to have access to appropriate information and personnel to assure that the information gathered is relevant, complete, and accurate. On the other hand, access to data, the release of which could violate the privacy policy of the institution, must be controlled. Since these audits are being performed by the institution's auditors in lieu of the HEW Audit Agency, it is suggested that the institution establish the same liaison that it would if HEW audit were doing the review directly.

CHOOSING AN AUDITOR

Audits of these programs are very expensive. The HEW guides call for detailed procedures that require many hours to complete. Not only does the audit take considerable time, but the type of labor necessary to perform the work is not inexpensive. Each institution must evaluate carefully how it can meet these requirements at the lowest cost. Options include state auditors, internal auditors, and CPAs.

State Auditors

Many states have auditors who audit agencies, including state-supported colleges and universities. Because there usually is no charge levied against the individual institution for these audit services, this is an attractive economic option for public institutions to consider. The challenge is getting the state audit agency to agree to conduct the audit. Some states lack adequate staff, while others cite legal difficulties if their audit charter confines them to reviewing funds appropriated by the state.

Internal Auditors

As the internal auditor is more familiar with student financial aid programs than are auditors from outside the institution, he or she causes less disruption to the daily operations of the student aid office. The cost is usually less than that involved in engaging a CPA, who charges a fee that covers labor, administration, and profit.

The internal auditor's independence and objectivity are, however, subjected to much greater scrutiny than any other audit agency. Therefore, the internal auditor must have sufficient independence to meet U.S. General Accounting Office standards. Another problem is obtaining a commitment that the internal auditor will be able to complete the project on time; because internal auditors usually respond to requests for special investigations, they sometimes have difficulty in spending extensive time on a single project.

Independent Certified Public Accountants

Some institutions may decide to have an independent CPA perform the audits. The first option most likely to be considered is engaging the same firm that audits the institution's annual financial statements, as the firm is familiar with the organization and has already performed some work in this area that may be common to both audits. Lack of competition may cause the institution concern about the reasonableness of the fee to be paid, but this problem can be overcome by inviting bids from other qualified firms.

It is likely that the incumbent CPA will be the low bidder.

Each firm should be given a list of specifications for the audit. They should also be told of the level of support that they may expect from the institution's staff. One method of holding down costs is to have the institution's internal audit staff provide support to the CPA. These arrangements should be clarified in advance.

It is advisable to have a separate letter of engagement setting forth the special circumstances of the student financial aid program examinations; this letter may take different forms. The suggested format found in the HEW audit guides has been included as Appendix 7:3.

PAYING FOR THE AUDIT

The federal government does not pay institutions for the cost of having audits performed. However, institutions are permitted to use the administrative expense allowance they receive under the campus-based programs to pay for audit coverage. Under the Education Amendments of 1976, effective July 1, 1977, an institu-

tion must show that the amount claimed for administrative expenses has been used first to implement the student consumer information activities. Any sums remaining in the administrative expense allowance may then be used to pay any other costs (such as audit coverage) of administering Title IV student financial aid programs. As there is no administrative allowance for BEOG programs, there is no method to attain reimbursement for the cost of the audit.

AVOIDING AUDIT PROBLEMS

The HEW audit guides are useful documents for financial aid officials to use when planning and reviewing operations. Knowing what the auditor is to examine and developing procedures that eliminate, or at least minimize, audit problems enhances the process for everyone.

The government has imposed these audit requirements because of its concern over the quality of administration of the student financial aid programs. Institutional personnel responsible for these programs should strive for audit reports citing no deficiencies.

Special Issues in Management Control

While many concepts of management control have been woven into preceding chapters, the purpose of this chapter is to recapitulate some of the concepts touched on previously and to introduce topics not mentioned elsewhere. The emphasis here is on general principles, yet sufficient detail is provided to allow use of this information as a check list against which to measure institutional practices.

Most issues in management control share three common phases: formation of a plan, its execution, and follow-up. A written plan, showing what is to be accomplished, by whom, and when, should be followed by a detailed set of written policies and procedures by which the plan is to be carried out. Performance must then be measured against the plan, with this feedback used to modify the plan for future applications.

DOCUMENTATION STANDARDS

An era of unprecedented growth in types of financial aid, number of specific programs, and number of student aid dollars related to these programs has in many cases resulted in the tendency to process aid and document procedures later. All too often a new set of problems then emerges, and documentation is either further deferred or carried out in only a general manner. While documenting procedures and decision rules is time-consuming and expensive, it is an essential element of providing effective management control, in addition to being the cornerstone of staff training.

Training is a critical concern because of staff turnover and growth, increasing number of aid programs, and changes in requirements of existing programs. For some institutions, staff turnover has been a recurring problem in administering aid programs. While this manual does not deal directly with causes and solutions to the turnover problem, the suggestions for documentation enumerated here should help to clarify job responsibilities and thereby improve in-service training efforts.

Although the need for written documentation is generally readily acknowledged, the commitment to see that it is developed has frequently been either inadequate or lacking. Aid officers rarely have free time to go back and document procedures. Yet program and fiscal administrators involved in the student financial aid process should, at a minimum, make a commitment to see that no new procedures are initiated without thorough documentation. Then, based on existing staff availability, administrators can systematically work at completing the documentation for existing systems. These efforts benefit both the staff and the ultimate beneficiaries of improved procedures and control, the students.

Several types of documentation are required.

Job Descriptions

A written copy of the current duties of each staff member is a basic building block in the management process. The job description is the

basis for employment and later becomes one standard by which performance is measured. The level of detail must be sufficient to cover all job functions and clearly cover areas of potential overlap in staff responsibilities both within and among departments. Fiscal and program administrators should benefit by exchange of job descriptions. Such exchange eliminates duplication of effort, identifies gaps in tasks to be executed, and improves communications about the total aid process.

Due to rapid change in programs and program requirements, job descriptions must be kept current.

Forms

For each form used in the entire aid process, a written document should detail:

- How the form is to be filled out, item by item, including who is responsible for each piece of source information.
- How the form is to be routed.
- What approvals, if any, are required.
- How copies are to be stored.
- The time sequence in which each step must take place.

Additional information about forms design and control is given in the section on records management in this chapter.

Reports

A similar set of written documentation should be maintained for each report, whether it is fully or partially completed by others, internally generated for management control purposes, or required for external agencies, as, for example, the Fiscal Operations (FISCOP) Report. The documentation should include:

- Which person or office is responsible for initiating the report and completing its various sections.
- How often the report is to be prepared.
- How the report is to be routed.
- If approval is required before transmittal, how this approval is to be obtained.
- What persons or offices are to receive copies of the report.

- What the time and action plans are for developing the report.
- How the report is to be used.

Procedures

Complete written documentation should support each office procedure for the various programs, including reconciliation schedules and procedures, processing of applications, packaging, cash control, and disbursement. The form in which this documentation exists will vary among institutions. However, developing an institutional manual covering procedures for all aid programs helps those involved in administering aid as well as those who want to learn more about the process. Although some student financial aid program procedures are well documented in materials like the "Blue Book" (see "Bibliography"), careful documentation of procedures unique to each institution is generally necessary to relate the forms of documentation.

The source-use matrix described in chapter 9 can be used as a check list to insure that documentation exists for all programs. For each use of aid, e.g., loans, it would be desirable first to document procedures common to all loan programs, then to document requirements specific to each source, e.g., NDSL, institution, etc.

Flow charts are also a common way to document procedures; such charts provide a visual highlight of the detailed steps contained in the written documentation.

Documentation of procedures is frequently neglected, yet good documentation does more than just meet current needs. The first step in consideration of revised procedures is to examine documentation of what is currently being done. Thus, a procedure manual will assist in reducing the lead time needed to implement system changes. This is particularly true as it relates to development of computer systems; good documentation of existing procedures can substantially reduce the investigation phase of the computer analyst's job.

Policies, Rules, and Regulations

Each institution should have readily available and well indexed the institutional, governmental, and other external agency policies, rules, and

regulations under which it operates. Institutional records typically include the constitution and bylaws, minutes of governing board meetings, administrative policies, institutional agreements and applications, and policy and procedure handbooks. The "Bibliography" includes documents that relate to the federal student aid programs.

Written Support of All Actions

From both the manager's and auditor's viewpoints, documentation to support all actions regarding aid is a critical need. This is particularly true as it applies to aid adjustments. There is no substitute for written documentation covering why a change was required and how it was made. All programs and fiscal staff need to be continually reminded to "write it down."

Computer Systems

Thorough standards should exist for all steps an institution takes in developing its computer processes. The data processing center, in conjunction with the user, must develop complete documentation of new systems, including purpose, system detail, costs and benefits, development time, and supporting procedures. Both the user and the data processing center should approve such reports in the design phase. A written request and sign-off procedure should also be implemented for all subsequent changes to the system. This process of obtaining sign-off by all affected parties is particularly critical in administering aid programs, since any aid system involves several offices. For instance, the design report for a new or revised disbursement system may require the sign-off of a bursar, chief accountant, financial aid officer, internal auditor, and housing officer. While obtaining the approval of all parties can be time-consuming, this step should not be neglected. The resulting report should reflect what each department has to provide for the new system and document what each department can expect as output. It should also set the boundaries as to the specifications of the system so that the data processing center can initiate the implementation phase with a completely specified system, with no sections to be filled in later.

Office Work Load Schedule

A work load schedule that identifies, by person, specific tasks to be performed effectively coordinates office activity. The use of a master student financial aid calendar facilitates creation of such a work load schedule. In addition to communicating the tasks to be performed, the schedule identifies slack periods and periods of peak activity so that the office department head can schedule development activities, training programs, and vacations.

RECORDS MANAGEMENT

Records management includes activities associated with the creation, movement, retention, retrieval, duplication, safekeeping, and destruction of records. Some of the more common activities associated with records management are forms control, filing, word processing, micro-filming, mailing, and copying.

All administrators involved in the aid process are faced with aid applications, reports, contracts, promissory notes, offers of aid, and letters of acceptance of aid. Due to the pressing problems of simply getting aid out to students, the activities associated with the records management function are often given a low priority or are carried out in an uncoordinated manner. While most institutions do not have a designated records manager on their staffs, record concerns must be dealt with in a well-designed and organized fashion.

Responsibilities for all aspects of the records management program, including forms inventory control, filing, storage, retrieval, and purging, should be clearly delineated. If possible, one person in each office should be responsible for coordinating these activities. Even if institutions have centrally assigned systems analysts to help establish or revise procedures and forms for the aid programs, each office needs to have its own staff assigned to the ongoing maintenance of these procedures.

Written documentation should exist to support all aspects of the records management program: job descriptions for all personnel; material related to files and filing (file descriptions, file indexes, retention and purge schedules, and

file retrieval and return procedures); delivery and pick-up schedules for all documents; and procedures for having materials typed, duplicated, and distributed.

Where possible, the filing task should be handled by staff whose primary responsibility is filing. Student aid activity has grown to the point where, for most institutions, filing requires more than one full-time employee in both program and fiscal areas. "Shotgun" systems, where all staff have access to open files, are extremely error-prone, especially in periods of peak activity. Without specifically assigned filing staff, follow-up to see that folders are returned is often neglected. If the institution must rely on part-time help for this activity, excellent documentation and training procedures are necessary. Since some students are usually involved, staff turnover is built in and well-documented procedures are especially necessary.

For each file (collection of related records) a periodic analysis, such as that shown in Appendix 8:1, should be performed to determine whether there have been changes in its use or content. This analysis helps in determining where files are to be stored, such as in the workplace, in area files, or in a central file, and how short the access time must be (for example, the maximum time permissible for a student folder to be delivered to a counselor's desk might be five minutes). Periodic analysis also indicates how much square footage is required to handle projected growth in files, assuming existing file retention criteria remain the same.

A retention schedule should be developed for each document. An example of the retention schedule for federal program records is contained in Appendix 8:2. Institutional and state requirements, where applicable, should also be included in the schedule. While the overall schedules generally specify how long documents are to be retained, the institution should also develop criteria for how long records are to be kept at the work place, department file, building central file, or archive storage. For example, files that are accessed every two weeks or more frequently are to be kept at the work place; quarterly or more frequently, in departmental

files; and within a three-year period, in the central file; while anything not expected to be referenced in three years is kept in archive storage. A plan should also specify how often files are to be purged, who is to do the purging, and what criteria are used for removing records.

The form in which documents and data are to be permanently kept (hard copy, microfilm, microfiche, computer tape, or computer on-line) must also be scrutinized to insure compliance with regulations as well as meeting current operating needs. The records manager is frequently responsible for all aspects of an institution's microfilming program. If not involved in the actual filming process, the records manager should at least maintain the microfilm file.

In addition to an organized program for the continuous evaluation of filing needs, a parallel program for the control of reports is desirable. Appendix 8:3 shows a suggested format for evaluating discretionary management reports.

Security requirements are specified in some cases as a condition of accepting outside funds. Institutions participating in the NDSL program are required to provide locked, fireproofed filing cabinets for promissory notes. Other programs may require that student record folders be kept under lock and key. On-line computer files may require special passwords to insure that access is limited to authorized personnel.

Even though physical security requirements may not be mandated, special document sign-out procedures may be needed to comply with federal government confidentiality or privacy provisions.

In the case of some files, maintaining two sets of records in different physical locations is desirable for back-up purposes. This practice is prevalent in storing computer tapes and reports.

Responsibility for consulting on or actually undertaking the design of institutional forms may also be included in the records management function. Factors such as form size, data to be included, routing, number of copies, and storage requirements should be determined in consultation with the records manager. Care must be taken to see that all forms comply with legal requirements. The records manager can verify whether such a review has taken place.

Another responsibility is the maintenance of blank forms. This function includes projecting needs, ordering forms (either from external agencies or in-house printers), and establishing reorder points based on projected usage and lead time for replenishment.

Student aid officers may have difficulty in keeping up with problems in records management. If administrators do not exhaust available space by adding staff for expanding programs, what space is left may be filled by additional files. The institution needs to formally acknowledge this fact and to plan for it professionally. While the position of records manager is well known in industry, it is likely to become a much more integral part of the higher education aid management process.

ISSUES IN RECONCILIATION

Two approaches to issues in reconciliation are possible. The first, removal of inconsistency, is a primary objective of system designers, whether through the design of new systems that make reconciliation unnecessary or through the redesign of existing systems to accomplish the same end. The second, explanation of differences, is most frequently associated with postactivity auditing; managers should try to reduce or eliminate the need for this activity.

Identification of all the ways and places in which reconciliation takes place in administering aid programs would be impractical. Rather than focus on specific problems in reconciliation, this section concentrates on four principles intended to minimize the difficulties frequently encountered by aid administrators.

The first principle is to minimize the number of independent aid files used. Chapter 4 explored the relationship between the number of files and the number of interfaces. By merging or integrating files, the number of reconciliations can be either reduced or minimized. Physical location of departments may dictate the degree to which consolidation of manually kept files is possible.

Second, any entry made to a subfile must be made to the control file and vice versa. A frequent problem in reconciliation is designing

systems, manual or computer, that permit addition, deletion, or correction of data in a subfile without an immediate corresponding entry in a control file. The same type of problem exists when an accounting entry is made in a fiscal control account without a corresponding entry being made in the student record master accounts.

Third, reconciliation must be performed in a routine and timely fashion. If annual reconciliation is required, for example, good management practice requires reconciliation on the basis of operating periods. Timely reconciliation permits making adjustments while information is still readily available and while program details are fresh in the minds of involved staff. Assignment of responsibility for all reconciliation procedures should be in writing to insure completeness and provide the basis for subsequent follow-up.

Last, after completion of reconciliation, a thorough analysis is necessary to determine if patterns emerge from the explanations of inconsistencies. Identification of patterns becomes the basis for system redesign. Explaining differences thus leads directly to removing them.

INSURANCE ISSUES

Bonding

Although prudent management dictates that an institution bond its employees, in some institutions this may be a condition of acceptance of some types of student aid. Coverage can usually be obtained in three categories.

A blanket bond is a broad bond used to insure an employer against losses caused by the dishonest acts of its employees. The bond limit generally applies per loss, regardless of the number of employees involved in the loss.

A performance bond is a bond guaranteeing the faithful performance of a contract. This type of bonding is generally not used in student aid areas but is more common in construction-related activity.

Through crime insurance, coverage is provided for loss of money and securities and for the actual destruction, disappearance, or wrong-

ful abstraction thereof (excluding losses caused by employees' dishonesty). Such coverage is generally extended to include loss of money and securities while being conveyed by messenger, loss through money orders and counterfeit paper currency, and forgery of incoming or outgoing instruments.

Limits of coverage on bonds and crime insurance need to be established in light of total dollars involved, as well as risk exposure. Rates for coverage depend on coverage required, risks involved, and inclusion or exclusion of deductibles.

Liability

Each institution needs to carefully examine how its employees are to be covered by liability insurance. Suits against institutions and their employees are becoming more common. Institutions generally provide coverage for employees "while acting within the scope of their duties." Most institutions normally choose to purchase insurance commercially for this risk rather than attempt to self-insure it. Rates depend on coverage required and risks involved. Commercial policies normally include legal defense in case of suit in addition to providing agreed limits of coverage per person or per occurrence.

EMERGENCY LOAN FUNDS

Most institutions provide short-term aid (generally, repayable in less than six months) through what are commonly known as emergency loan funds. Since administration of these funds is likely to vary considerably and may be handled by the dean of students, financial aid office, bursar, academic unit, or others, the following list can be used to evaluate the management control associated with the program:

- Thorough written policies and procedures concerning the emergency loan program are available to administrators and borrowers. Appendix 8:4 shows typical emergency loan fund guidelines.
- Loans are made from university accounts by check only (either by university check or through a revolving fund).

- Dollar limits are established on the amount to be loaned at any one time and on the total amount to be loaned.

- Specific purposes for use of funds are identified.

- Promissory notes are signed by all borrowers.

- Receipts are prepared for all payments; cash received is deposited daily.

- Collection activity is segregated from the disbursement authorization process.

- Where program guidelines are permissive, written permission is obtained to withhold payment for emergency loans from aid funds accepted by a student.

- The internal auditor reviews the program at least annually.

- Records on outstanding loans are available to all offices extending credit to students.

- All emergency loans are administered through a single office.

TAX ISSUES

Business officers need to be particularly sensitive to the tax status of various types of aid. The institution's responsibilities are twofold: first, it must withhold taxes and report as required by law; second, it must communicate to its students the tax consequences of various forms of aid.

Once it is determined that withholding is required, specific details about withholding and reporting procedures are clearly spelled out in federal manuals. Institutional interpretation of guidelines as to what types of payments are tax-free becomes clouded when graduate staff stipends are involved. The business officer should be responsible for making or obtaining an interpretation on taxability. Unless payments are clearly tax-exempt, the institution incurs potential liability by failing to withhold. Even if withholding is not required, the institution should point out to students the potential tax liability, if any. The term "tax" applies to federal and state income taxes as well as to other taxes, such as social security taxes.

Students seem to have built up a body of tax

folklore about student aid, particularly with regard to taxability of intern or teaching assistant stipends. Business officers, deans, and department heads are often asked to prepare form letters for students which "insure" tax-free status. What students (and some administrators) fail to realize is that determination of tax status is the responsibility of the Internal Revenue Service; hence, business officers should be extremely cautious in preparing letters or catalog information about the taxability of stipends.

Institutionally generated documentation may ultimately be used as input to tax status determinations but is no guarantee of tax exemption. Differences in audit procedures and interpretations of various Internal Revenue Service offices further complicate the issue. Since the institution cannot determine tax status, it should clearly indicate to students the potential problems that can be anticipated in this determination by the Internal Revenue Service.

The business officer must keep abreast of current tax regulations as well as proposed changes. Changes in tax provisions can have a significant effect on costs to both the student and the institution. Various forms of student financial aid may need to be modified in order to adjust to changing tax consequences.

CASH FLOW

Institutions need to establish policy and procedures for handling cash flow. Involved in this issue is a tradeoff between the program objective of putting aid funds in the hands of the student as quickly as possible and the fiscal objective of not advancing institutional funds. Cost and risk are primary factors in arriving at this policy. Cost is the institutional interest forgone by making the advance; risk is the possibility that funds may not materialize. While the risk element may be minimal in most cases, it still must be recognized. The use of letter-of-credit arrangements is a practical way of helping cash flow but is available only for certain aid programs.

Cash flow considerations must be an essential ingredient in developing the master aid schedule.

Elements to be enumerated include who is to be billed, when, and by whom; what procedures are to be used in case of delay in receipt of funds; how receipts are to be deposited; and what restrictions in disbursement may be necessary because of cash flow problems.

In order to further improve cash flow in their student financial aid programs, institutions may consider filing claims to recover defaulted FISLs. Of course, cash flow would only be one factor in the decision to take such actions.

ISSUES IN COMPUTERIZATION

Many business and financial aid officers share a common feeling about the computer as it relates to their operations: they cannot live without it, yet they have a hard time living with it. Until recently, computer technology and cost have made it difficult, if not impossible, for smaller institutions to adapt their aid system to computer processes. With the advent of the mini-computer and time-sharing facilities, paralleled by the development of specific program packages, the computer is now a much more attractive option in the management of student financial aid. Although student aid programs have been administered without the computer, the growth in size and complexity of the total aid function dictates further mechanization of previously manual processes. The net result should be better service to students, with parallel improvements in accountability. Computer application in this area is desirable for several reasons.

Staffing and space constraints make growth of manual systems difficult to maintain. As programs grow and new programs are added, administrators generally have to add staff in some fixed proportion to program growth. As the number and size of student financial aid programs will clearly continue to grow in the foreseeable future, additional space and staff resources will be required. For example, the passing of legislation such as the Middle Income Student Assistance Act may double the number of aid recipients within one year. Institutions with manual systems will find it increasingly difficult to keep their staff size and space adequate to deal with such growth. Institutions with

effective computer systems generally have less need for added staff as aid programs grow; there may even be some possibility for reduced clerical costs.*

Because large numbers of interfaces exist among data systems, the use of a single computer-integrated system is beneficial in automating interfaces among subsystems as well as reducing possibilities for clerical error. The aid awarding and disbursement processes generally operate under severe time constraints. The computer offers the possibility of efficiently handling routine operational functions, releasing administrators to deal with the myriad of unstructured problems they face.

The process of programming the computer requires administrators to carefully document all policies and procedures in the aid process. This documentation itself helps to clarify responsibilities and identify potential problem areas.

A properly designed computer system can greatly enhance management reporting and control. Accuracy, completeness, and timeliness are advantages of computer systems. Control functions are generally simplified through the development of system documentation and effective transaction audit trails. Problems in reconciliation can be greatly reduced.

While computer use offers several advantages, problems must also be considered.

As systems become large and complex, the ability to make program changes can decrease. While data base systems are now being designed to facilitate the addition of new features or programs, many existing computerized aid systems are struggling under their own weight.

Since the aid process involves many departments reporting through many organizational channels, the task of obtaining agreement on design of the system is by no means simple. The data processing professional must be an integral part of the team approach discussed previously.

The computer is only a tool. It is likely to make good management better but may only compound the problems of poor management. Financial aid administrators should not expect computer systems to solve management prob-

lems, as they will probably make problems more apparent.

While the benefits of the computer are potentially high, the cost, in dollars and time, can also be high. Management must recognize that a substantial commitment of resources may be required. In some cases, reductions in staff may offset a part of this cost.

Sufficient managerial, technical, and programming expertise must be available to implement cost- and work-effective systems. Problems in accuracy, timeliness, and effectiveness could get worse rather than better with computer systems. Good technical and management skills are necessary to use computers effectively.

Adequate back-up systems must exist for periods when computing systems are "down." This is particularly critical for on-line systems during registration periods.

The basic functions of a student financial aid system include application tracking, computation and evaluation of need, packaging, notification, scheduling of disbursements, funds management, and reporting. In addition, a system may include interfaces—exchange of machine-readable data—with national processors, state agencies, and other institutional systems. Coordination of admissions, student records, and accounting systems is required, either manually or through systems integration.

Supplementary functions include income tax verification, BEOG index and award verification, internal audit, and prepayment status review. Also, a student financial aid system can contain or use an information query system to prepare ad hoc reports. Developing planning models also involves some potential uses of the computer.

Once the institution has enumerated its programmatic requirements in general terms, choosing a computer system involves three steps. First, a functional analysis relates the components of the alternative computer systems to the functions identified in the programmatic requirements phase. Second, costs of operation, in terms of manpower, computer resources, and dollars, are estimated. Because of the typical shortage of clerical and professional staff in the

administration of student financial aid activities, the additional work load required to implement new systems can be particularly burdensome and constitute a most important "cost" of the system. Third, the expected benefits of the system are projected. All potential users of the system should have realistic expectations of what the use of a system can and cannot accomplish.

The aid system can include the parts of several different systems currently available from consulting firms and software developers, as well as what can be developed by the institution. The evaluation should allow for inclusion of such mixed systems. One of the best ways of evaluating whether to use externally provided systems is to review the experience of other institutions with similar aid structures. Learning about their experience with software vendors in terms of package flexibility, update capability, and service support, for example, would be valuable both to general managers and to the data

processing personnel who have to provide on-campus support.

Continual changes in regulations and procedures make frequent modifications in student financial aid computer software necessary. Some, like the annual change in the packaging criteria, is planned; some, such as changes in federal program eligibility, is unplanned; and some, like the enhancements that come from the effort of national organizations and student financial aid offices to improve their operations, is elective. Some software sources provide these changes within their maintenance contracts. Others have special charges for some of the changes. Some provide software not intended for the special needs of student financial aid and provide neither changes nor enhancements. An institution can depend on the software source for changes and enhancements, technical support, or assistance, particularly during conversion. All of these considerations should be included in any review of software obtained externally.

The Student Aid Process: A Summary

The preceding chapters describe the student aid management process in detail. The purpose of this chapter is to recapitulate the process in more general terms, using charts and check lists as aids to understanding.

The organization of the chapter generally follows that of the preceding chapters of the manual. The discussion begins with administrative responsibilities of the governing board, including the board's recognition of financial aid as a source of institutional revenue, and continues through the functions of planning, acquiring, packaging, and disbursing aid (for loans, the process ends with billing and collection). The final step is auditing the aid program.

Flow charts used here were designed to highlight essential responsibilities, decisions, and activities involved in particular financial aid functions. Other charts summarize relationships, program criteria, and scheduling considerations

that institutional administrators need to understand.

To reinforce the placement of responsibility between the financial aid office and the business office for specific functions, five "functional check lists" are presented. The column in the center of each check list contains the function to be performed, and the columns to the left and right, for the financial aid office and the business office, respectively, contain the activities necessary to carry out the functions. These check lists cannot, of course, cover the financial aid activities of every institution, but they are helpful in further illustrating the process described in earlier chapters.

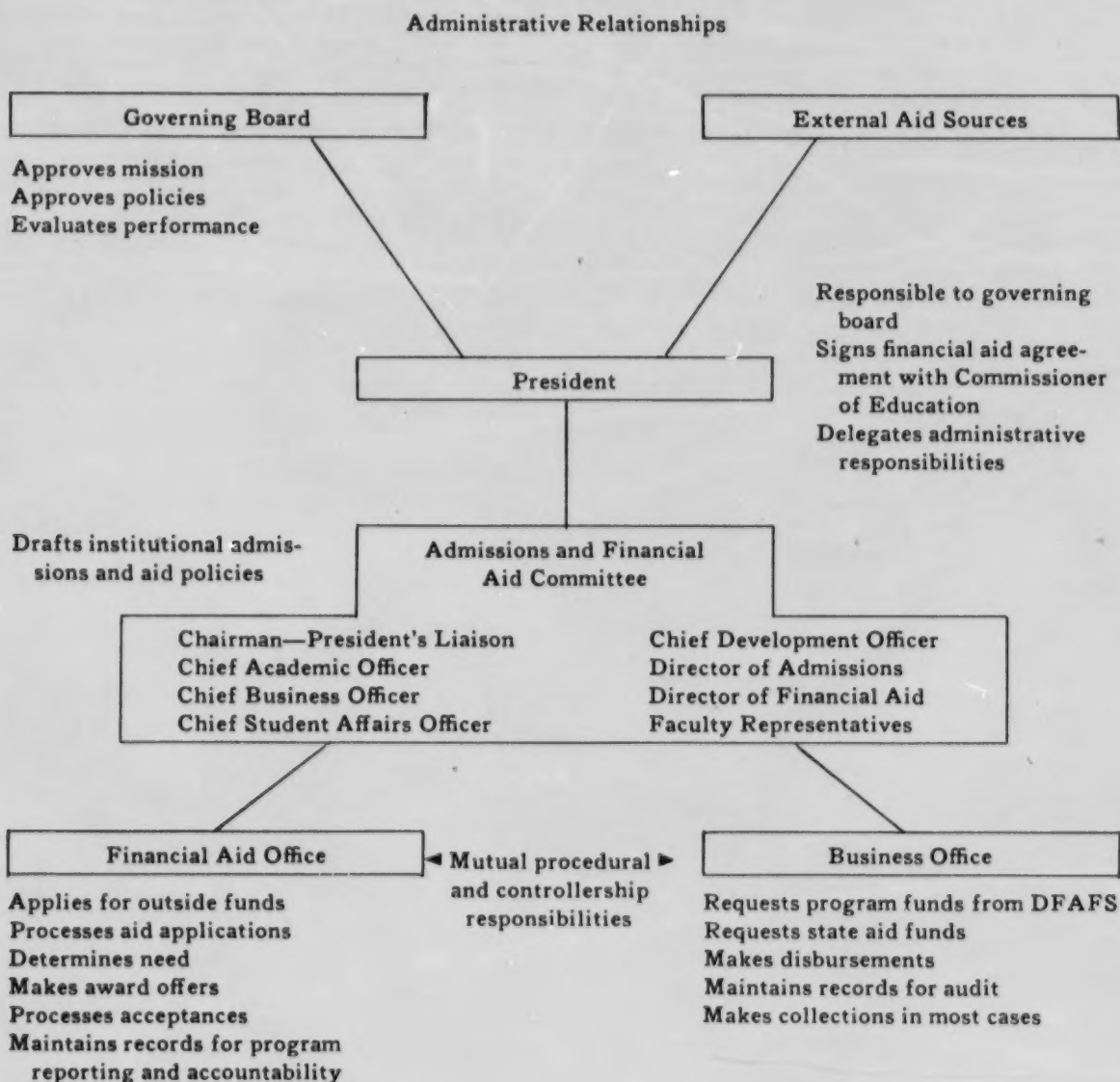
By reinforcing understanding of the total process involved in managing student financial aid, the concepts illustrated graphically here should enable administrators to evaluate and modify existing programs.

ADMINISTRATIVE RESPONSIBILITIES

Institutions should scrupulously manage external funds and report on their stewardship. If an institution is to perform this responsibility and also exercise choice in recruiting and retention, it must integrate its financial aid program into its planning, budgeting, and evaluation systems. Such integration requires that the governing board and all senior administrators actively

participate in developing a financial aid philosophy and plan. Actual management responsibilities, however, lie with the financial aid and business offices.

The accompanying diagram demonstrates the interdependence of various persons and groups in creating and maintaining a successful financial aid program.



FINANCIAL AID AS A SOURCE OF INSTITUTIONAL REVENUE

The implications of regarding student financial aid monies as sources of institutional revenue are often poorly understood or not recognized at all. Misunderstandings about student financial aid programs, their administration, and their effects on an institution's mission or purpose can be particularly detrimental to an institution in a period of reduced enrollment. Administrators must know where aid revenues originate and for what purpose they are to be used if an institution hopes to monitor their use and to evaluate their effects. These effects are evident in such areas as student body mix, use of federal and state monies, administrative control and costs, and maintenance of academic excellence. Therefore, it is critical to relate the financial aid portfolio to the institution's mis-

sion statement. To do this, the institution must undertake research and plan carefully to insure that student financial aid programs complement institutional goals.

An institution may modify the accompanying "Aid Source-Use Matrix" to monitor external and internal fund sources and uses. A functional check list for both the financial aid and business offices accompanies the matrix, which these two offices should develop together. Similar check lists presented throughout this chapter contain mutual responsibilities of the two offices. Controllership responsibilities, in particular, are common to both offices. Each institution should delegate responsibility for such "gray areas" to a single office.

Aid Source-Use Matrix

Aid Source	Aid Type					
	Grant		Loan		Employment	
	Disbursed by Institution	Disbursed by Other	Disbursed by Institution	Disbursed by Other	Institutional	Other
Institutional Funds						
Unrestricted	X		NDSL (matching)		CWS (matching)	
Restricted gifts	X					
Endowment			X			
Loan			X			
Federal Government Funds						
Restricted	SEOG		NDSL		CWS	
Agency	BEOG					
Direct to Student		VA, SS				
State Government Funds						
Restricted	X					
Agency	X					
Direct to Student		X				
Private Funds						
Through Institution	X		X			
Direct to Student		X		GSL		X

Note: X designates an aid program currently being used at the institution. The primary federal programs have been specifically noted.

Functional Check List: Aid Source-Use Matrix

<i>Financial Aid Office</i>	<i>Function</i>	<i>Business Office</i>
Prepare variations of the matrix to provide management with information on types of aid the institution is using and implications of that aid. Possibilities, which may also be applied to graduate programs, include: • A separate matrix that shows dollars spent or administered in each of the programs. • A separate matrix that shows the number of students participating in each program listed. Cells can be divided to produce a new matrix that shows the average aid per student in each program. • (Optional) source-dependence matrixes that show primary and potential sources of aid and their utilization levels. • (Optional) comparisons to other institutions.	Develop an aid source-use matrix for all aid programs, external and internal.	Provide support services and necessary information to the financial aid office.

PLANNING THE AID PROGRAM

Many institutions do not adequately plan for and monitor their financial aid resources. A sound financial aid program rests on institutional research, which can be performed on a modest scale and should consider the institution's history and mission as well as its short- and long-term goals. An annual update of this research should be incorporated into the institution's general planning process.

An equally important consideration in the planning process is finding a method to implement the plan effectively. The diversified nature of financial aid programs requires a well-defined action plan containing timetables. The two charts that follow depict the planning process and an example of a general "time-action plan."

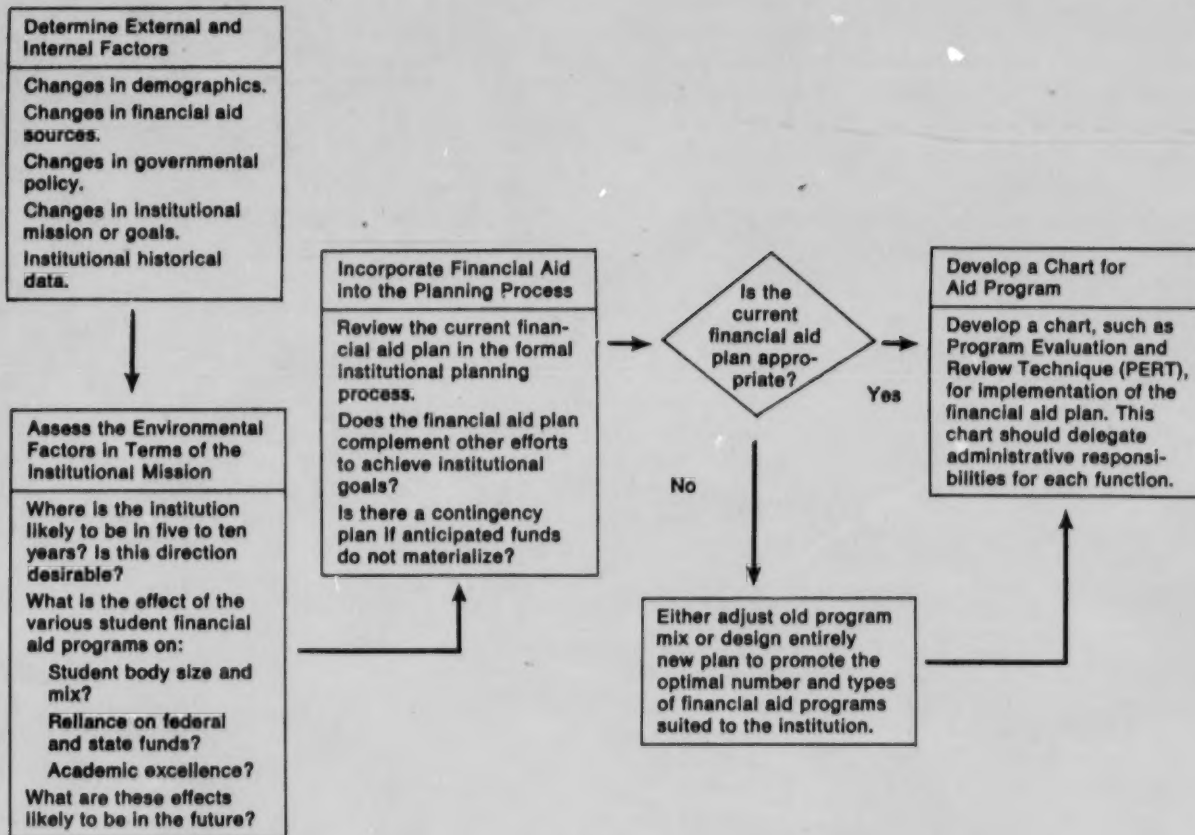
The Planning Process

Institutional Research

Reviewing the Current Plan

Designing a New Plan

Implementing the Plan



Functional Check List: Planning

<i>Financial Aid Office</i>	<i>Function</i>	<i>Business Office</i>
Determine adjustments needed in current plan or design new plan based on report from admissions and financial aid committee.	Assess environmental and policy factors.	Provide relevant financial data.
Design a chart such as PERT to describe administrative responsibilities and program schedules.		
Through financial aid committee, send approved aid recommendations to president's management team.	Send recommendations to the president.	

Time-Action Plan

(Assumes Academic Year Beginning in the Fall and Fiscal Year Ending June 30)

-18 -17 -16 -15 -14 -13 -12 -11 -10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2

Planning and budgeting process (eighteen to twelve months before academic year begins)

Budget adjusting process, as needs change (throughout twelve months before academic year begins)

State and other nonfederal funds (twelve to six months before academic year begins)

A

Student application and award process (in spring, eight to four months before and continuing throughout academic year)

Notification of allocation of federal aid funds (from six months before academic year begins)

Reporting of reconciliations to federal and state agencies and the institution (periodically throughout fiscal year according to program regulations and at close of fiscal year)

B

C

A—Institutional application to regional Office of Education for campus-based funds (in the fall one year before academic year begins)

B—Aid funds that require billings to sponsors such as state scholarship programs (at beginning of each term)

C—Disbursement to student (at beginning of each term)

ACQUIRING AID

The next step, after the institution has decided on an appropriate mix of financial aid programs, is to acquire that aid from various sources. The

aid acquisition chart depicts the three ways in which aid can be acquired, criteria for awarding aid, and other considerations.

Aid Acquisition Chart

	1	2	3
<i>Fund Type</i>	<i>Process Control Points</i>	<i>Award Criteria</i>	<i>Considerations</i>
Funds acquired by student application:			
BEOG	1. Student applies for BEOG directly to Office of Education. 2. Student presents Student Eligibility Report to financial aid office. 3. Financial aid office determines amount of award based on applicable criteria. 4. Financial aid office files BEOG reports three times a year and a summary roster once a year.	Office of Education makes awards from an eligibility index, calculated according to family income, assets, size, number in college, etc.	The BEOG program in particular requires considerable administrative effort and thus adequate staff. The institution should prepare for increased numbers of BEOG recipients due to the Middle Income Student Assistance Act of 1978.
GSL	Lender approves loan and institution verifies enrollment status on the loan application.	Federal government determines general criteria; individual lender may determine other criteria, such as bank customer and year in school.	
Social Security and VA benefits.	Agency criteria determine eligibility; institution validates eligibility.	Agency criteria determine amount.	
Funds acquired by institutional application: SEOG, CWS, NDSI.	1. Institution fills out tripartite application. 2. Office of Education edits data and institution has opportunity for corrections. 3. Institution receives tentative allocation levels, followed by final allocations after an optional appeals process to a national panel. 4. Financial aid office provides funds to students. 5. Financial aid office prepares annual reports.	The institution's ability to calculate and document an overall amount of projected need was emphasized in past. Emphasis is now on prior utilization of funds requested, combined with a more objective formula to determine need.	New emphasis requires a high utilization rate for current funds if future requests are to be fully funded. If accurate estimates and contingency plans are developed, fund transfers between programs are easier.
Institutionally budgeted unrestricted funds.	Institutional unrestricted funds are controlled by the budget process.	Institutional policy controls awards on basis of athletic ability, academic ability, criteria for teaching assistantships, criteria for resident assistantships, etc.	Careful control is necessary; variance analysis should be a standard procedure.

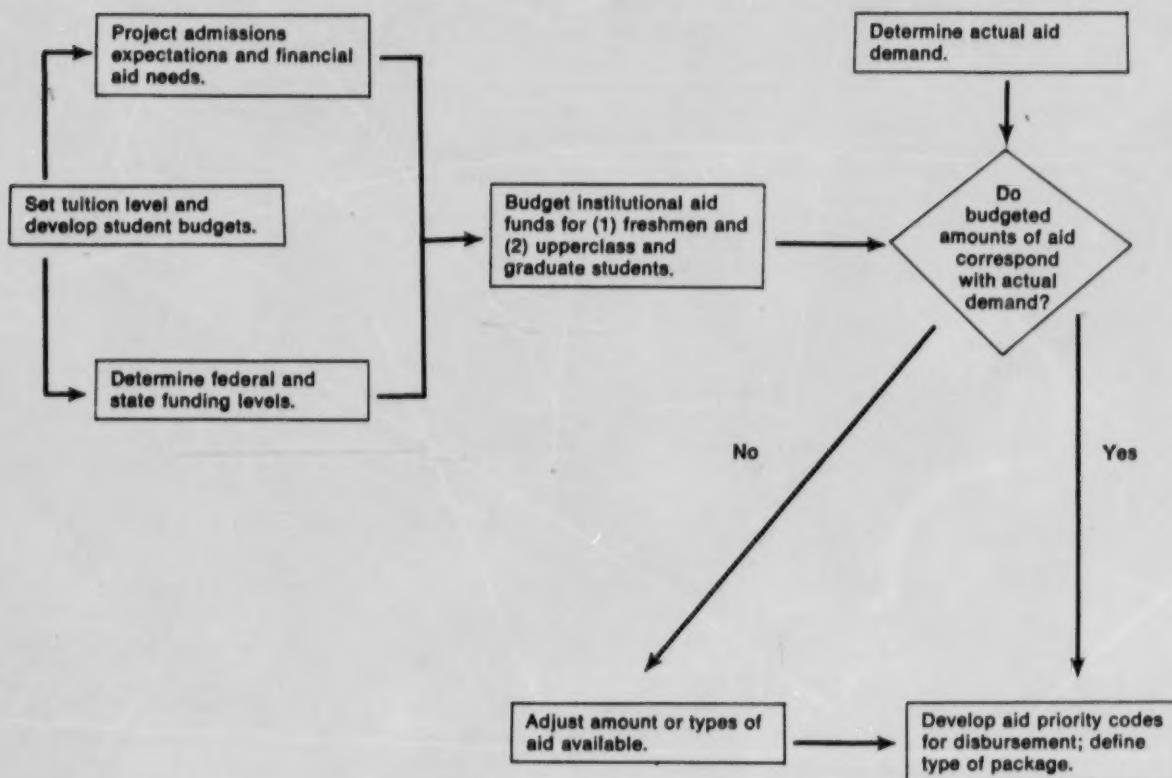
PACKAGING AID

Packaging student financial aid is an extension of planning the aid program and acquiring aid; the packaging process depends on these functions.

If all sources of financial aid consisted of "free money," or gift aid, in the form of grants, packaging would not be necessary because the only decision would be how much aid to give each student, rather than what type of aid to give. Since other types of aid are available, however,

packaging methods are employed to divide a given aid sum between grants and self-help (loan or job). The decision depends largely on institutional values and fund sources.

At this stage in the process, the financial aid office should use an aid assignment code table to determine the order in which aid is assigned to students and should use a set of student budgets to determine each student's need.

The Packaging Process

Functional Check List: Packaging

<i>Financial Aid Office</i>	<i>Function</i>	<i>Business Office</i>
Develop student budgets from tuition, room and board, and other expense information.	Develop a set of student budgets.	Send projected tuition and room and board estimates to the financial aid office.
With admissions office, prepare a report on future students and their aid requirements; then prepare a budget recommendation, including both (1) freshmen and (2) upperclass and graduate students, for the business office.	Project financial aid demand from anticipated admissions and upperclass and graduate students.	
Figure number of students who will apply for BEOGs. Project student requests for campus-based federal aid, amount for which institution will apply, and estimated funding level. Send estimates to business office.	Project federal funding levels.	Set up budgetary DFAFS accounts.
	Budget anticipated monies.	Receive budget recommendations from the financial aid office for anticipated aid accounts. These budgeted figures (as accepted or adjusted) should monitor actual expenditures.
With admissions office, adjust enrollment targets. Monitor use of upperclass and graduate funds as well as freshman funds.	Make adjustments in financial aid program projections or packaging strategy as variations occur as a result of the admissions or upperclass and graduate process.	
Devise institution's aid priority table, which consists of preferences for awarding grants, loans, or employment.	Develop an aid priority table.	Use financial aid office's aid priority table in the disbursement function as necessary.

AID DISBURSEMENT

The disbursement process consists of four stages: awarding aid, assigning aid, applying aid amounts to accounts, and, finally, paying out aid to the student.

An institution can award financial aid if the applicant meets eligibility requirements and the type of aid is available. This aid award can then be assigned against the budgeted accounts. After aid has been assigned, verification of eligibility criteria is appropriate. External pressures, such as demand for financial aid, play a significant

role in adjusting the amount of aid assigned. On completion of the request and verification period, final authorizations can be made on student awards. When this process has been completed, the business office can actually pay out the amount of the aid award.

The award, disbursement, and adjustment (if any) should be recorded in a single data file called an aid master record; such a record should be created for each student as his or her request for aid is received. The aid master rec-

ord provides the central control mechanism required to assign aid to institutional charges and to determine balances to be paid out to the student; it also serves as the subsidiary expenditure record to the accounting control ledgers.

Adjustments to the aid master record should be completed just before aid is paid out through the disbursement process. The chart at the end of this chapter illustrates the financial aid process through disbursement.

Functional Check List: Disbursement

<i>Financial Aid Office</i>	<i>Function</i>	<i>Business Office</i>
Develop a standard counseling procedure to inform students of their financial and legal responsibilities in receiving a loan.	Counsel loan applicant about borrowing requirements.	
Send accepted financial aid awards to business office for assignment to institutional charges.	Award financial aid to student.	Receive aid awards and enter into aid master record.
	Assign aid award.	Assign aid awards to institutional charges and determine balance of aid awards to be paid out to the student.
Verify eligibility, credit hours, registration status, etc. and pass authorization notification to business office.	Authorize award after verification is confirmed.	Receive authorization notification from financial aid office in preparation for charging aid awards to accounting control ledgers.
	Charge aid amounts to accounting control ledgers.	Prepare disbursement advice form itemizing utilization of aid awards; apply aid awards to accounting control ledgers, including preparation of check for payout of remaining balances.
	Pay out aid amount to student.	Notify student that aid is ready for disbursement.

BILLING AND COLLECTION OF LOANS

Proper administration of the billing and collection process for student loans depends on close cooperation among several administrators. Failure to perform any part of the billing and collection process can result in delinquencies or defaults. As a first step in effective management, administrators must clearly assign responsibilities to staff members responsible for granting

loans and for disbursement and collection; offices must coordinate their efforts so that procedures are carefully followed; and offices administering different phases of the aid program must be familiar with the entire program.

As those responsible for billing and collection become more familiar with each loan program, they should develop a procedural outline.

The outline should include steps necessary to fulfill the requirements of each loan program, including general institutional policies regarding the particular loan program, a statement of division of responsibilities, policies and guidelines for making and collecting loans, and a calendar for procedures based on the concept of due diligence. The procedural calendar should include these steps in the billing and collection process: exit interview, establishment of repayment schedule, issuance of statements of accounts, billings, and follow-up correspondence.

Successful collection begins during the making of a loan, with informing the borrower that the loan must be repaid. When a loan has been granted, the institution must use some means of accounting for the outstanding balance; this is usually done by posting to a ledger card or by entering the loan into a central data bank (aid master record). Loan funds should be disbursed by issuing a check made payable to both the student and the institution.

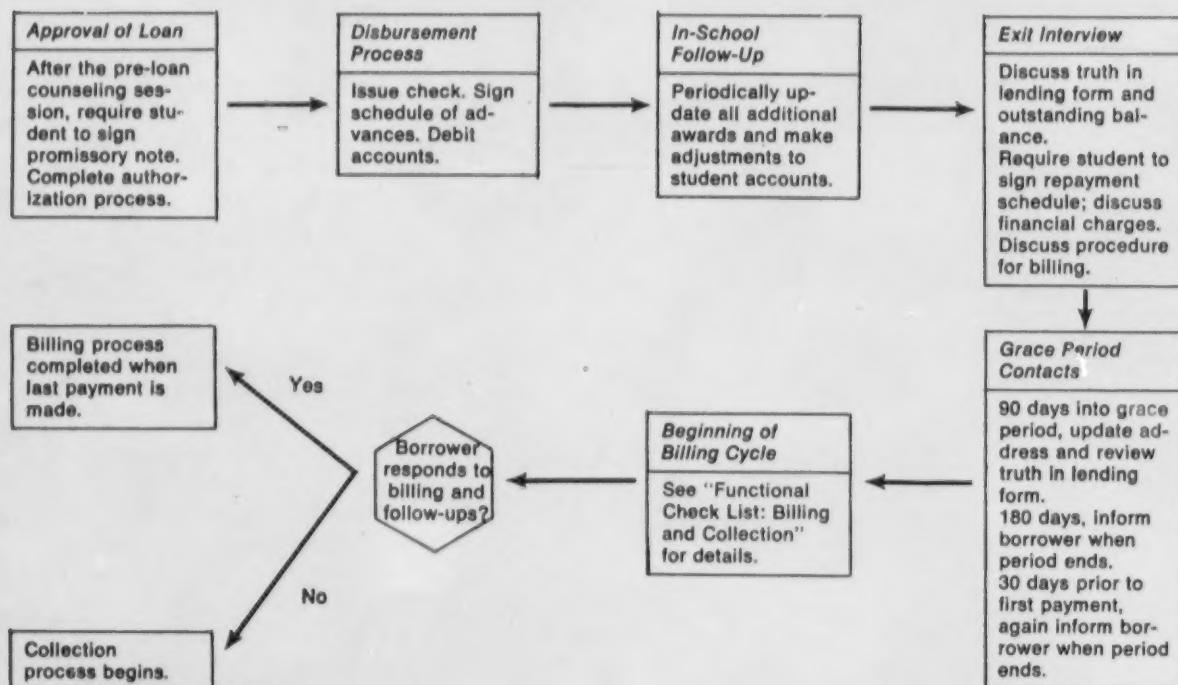
Before leaving the institution, a borrower should have an exit interview with the office

responsible for billing. The institution's purpose in such an interview is to discuss with the borrower his or her financial responsibilities and to obtain information that may help the institution to collect the loan. After the exit interview, the student's account should be moved to an active status. The period of time between the borrower's leaving the institution and the beginning of payments is called the grace period. During this grace period, the borrower must be reminded of the first billing date.

Regardless of who does the billing, a series of past-due notices and follow-ups is required if payment is not made on schedule; the schedule varies according to the loan program. After sending the final demand notice, the institution should wait no longer than thirty days to begin the collection process. The institution must make clear to the borrower its intention to pursue collection in a thorough and businesslike manner. Failure to follow up indicates to the borrower that the institution may not be interested in collecting past-due accounts.

Appendix 6:12 shows the collection process.

Billing for Loans



Functional Check List: Billing and Collection

<i>Financial Aid Office</i>	<i>Function</i>	<i>Business Office</i>
	Exit interview	Conduct exit interview to discuss the borrower's loan rights and obligations, update skip-tracing information, and provide Truth in Lending requirements. Subject matter to be covered includes: • Responsibility of borrower to inform institution of name or address change. • Amount borrowed and interest rate. • Amount of first payment and due date. • Necessity for borrower to contact institution if payment cannot be made on time. • Rights and procedure for cancellation, deferment, and postponement. • Right of prepayment. • Any optional features included in note. The exit interview should be conducted by the person responsible for collection. It may be done with an individual, with a group, or by mail (copies of notes must be provided).
	Grace Period	Contact borrower three times during the nine-month grace period: • 90 days into grace period, provide in writing the information required at the exit interview and any information needed to satisfy Truth in Lending regulations. • 180 days into grace period, notify borrower of date grace period expires. • 30 days before first payment is due, notify borrower of the due date and amount due.

<i>Financial Aid Office</i>	<i>Function</i>	<i>Business Office</i>																				
	Billing	Devise manual loan collection procedure: • Subdivide grace period accounts by month in which grace period ends. • Subdivide current accounts by month in which next payment is due. • Subdivide deferred accounts by type of deferment and by month in which deferment will expire. • Continue to subdivide delinquent accounts by the date of payment which is the furthest past due. The following billing schedules are required:																				
		NDSL <table><tr><th><i>Days from Due Date</i></th><th><i>Type of Contact</i></th></tr><tr><td>30 days prior —0—</td><td>Advance notice</td></tr><tr><td>15 days after</td><td>Telephone or statement</td></tr><tr><td>45 days after</td><td>Telephone or statement</td></tr><tr><td>60 days after</td><td>Telephone or mail-gram</td></tr><tr><td>75 days after</td><td>Final demand letter</td></tr><tr><td>90 days after</td><td>Telephone</td></tr><tr><td>105 days after</td><td>Collection or litigation</td></tr></table>	<i>Days from Due Date</i>	<i>Type of Contact</i>	30 days prior —0—	Advance notice	15 days after	Telephone or statement	45 days after	Telephone or statement	60 days after	Telephone or mail-gram	75 days after	Final demand letter	90 days after	Telephone	105 days after	Collection or litigation				
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		GSL <table><tr><th><i>Days from Due Date</i></th><th><i>Type of Contact</i></th></tr><tr><td>30 days prior —0—</td><td>Advance notice</td></tr><tr><td>10 days after</td><td>Telephone or statement</td></tr><tr><td>20 days after</td><td>Telephone or statement</td></tr><tr><td>30 days after</td><td>Telephone or statement</td></tr><tr><td>40 days after</td><td>Telephone or statement</td></tr><tr><td>50 days after</td><td>Telephone or statement</td></tr><tr><td>60 days after</td><td>Preclaim assistance</td></tr><tr><td>90 days after</td><td>Final demand letter</td></tr><tr><td>120 days after</td><td>Default</td></tr></table>	<i>Days from Due Date</i>	<i>Type of Contact</i>	30 days prior —0—	Advance notice	10 days after	Telephone or statement	20 days after	Telephone or statement	30 days after	Telephone or statement	40 days after	Telephone or statement	50 days after	Telephone or statement	60 days after	Preclaim assistance	90 days after	Final demand letter	120 days after	Default
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120 days after	Default																					

Financial Aid Office	Function	Business Office														
		Health Professions and Nursing Student Loans														
		<table><tr><th>Days from Due Date</th><th>Type of Contact</th></tr><tr><td>30 days prior —0—</td><td>Advance Notice</td></tr><tr><td>15 days after</td><td>Letter or statement</td></tr><tr><td>60 days after</td><td>Letter or statement</td></tr><tr><td>90 days after</td><td>Letter or statement</td></tr><tr><td>120 days after</td><td>Final demand letter</td></tr><tr><td>150 days after</td><td>Collection or litigation</td></tr></table>	Days from Due Date	Type of Contact	30 days prior —0—	Advance Notice	15 days after	Letter or statement	60 days after	Letter or statement	90 days after	Letter or statement	120 days after	Final demand letter	150 days after	Collection or litigation
Days from Due Date	Type of Contact															
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90 days after	Letter or statement															
120 days after	Final demand letter															
150 days after	Collection or litigation															
Cooperate and aid in the collection process by making records available when needed.	In-House Collections	Transfer account to collection section. Assign account to specific collector. Obtain pertinent collection data. Contact borrower for payment. Follow through on debtor promises. Keep accurate records including: • Dates of contacts. • Nature of contact. • Results of contact. • All correspondence regarding collection efforts. Do not charge costs to the fund that exceed the costs that would have been permitted if the institution had used a commercial collection agency.														
	Collection Agencies	Use more than one agency for comparison. Code accounts or separate them by agency. Provide agency with copy of notes and correspondence. Refer only past due amount unless account is small. Update balance at agency as new payments become due. Report all payments made directly to institutions. Do not contact debtor while account is at agency.														

<i>Financial Aid Office</i>	<i>Function</i>	<i>Business Office</i>
	Litigation	Refer all debtor calls to agency. Reassign returned accounts to another agency. Review performance on a regular basis. Charge costs to fund. Use litigation as last resort. Do not delay approval if litigation becomes necessary. Make total loan due and payable immediately. Provide three copies of notes plus a statement of disbursements and receipts. Respond to summons if necessary to testify. Charge costs to fund.

AUDITING THE AID PROGRAM

Governmental sponsors audit the performance of institutions administering financial aid monies. These agencies must be assured that institutions expend funds for their intended purpose and administer funds in accordance with the relevant terms and conditions of the appropriate regulations. This concern is reflected in the appropriate HEW audit guide, which designates how federal audits are to be conducted.

Internal audits assure governing boards and administrators that institutions follow the policies for operating their aid programs. Audits also serve the officer directly responsible for the program, who wants a periodic, detailed evaluation of operations to determine the quality of personnel and of the system. Internal audits are directed by the U.S. General Accounting Office publication, *Standards for Audit of Governmental Organizations, Programs, Activities & Functions*.

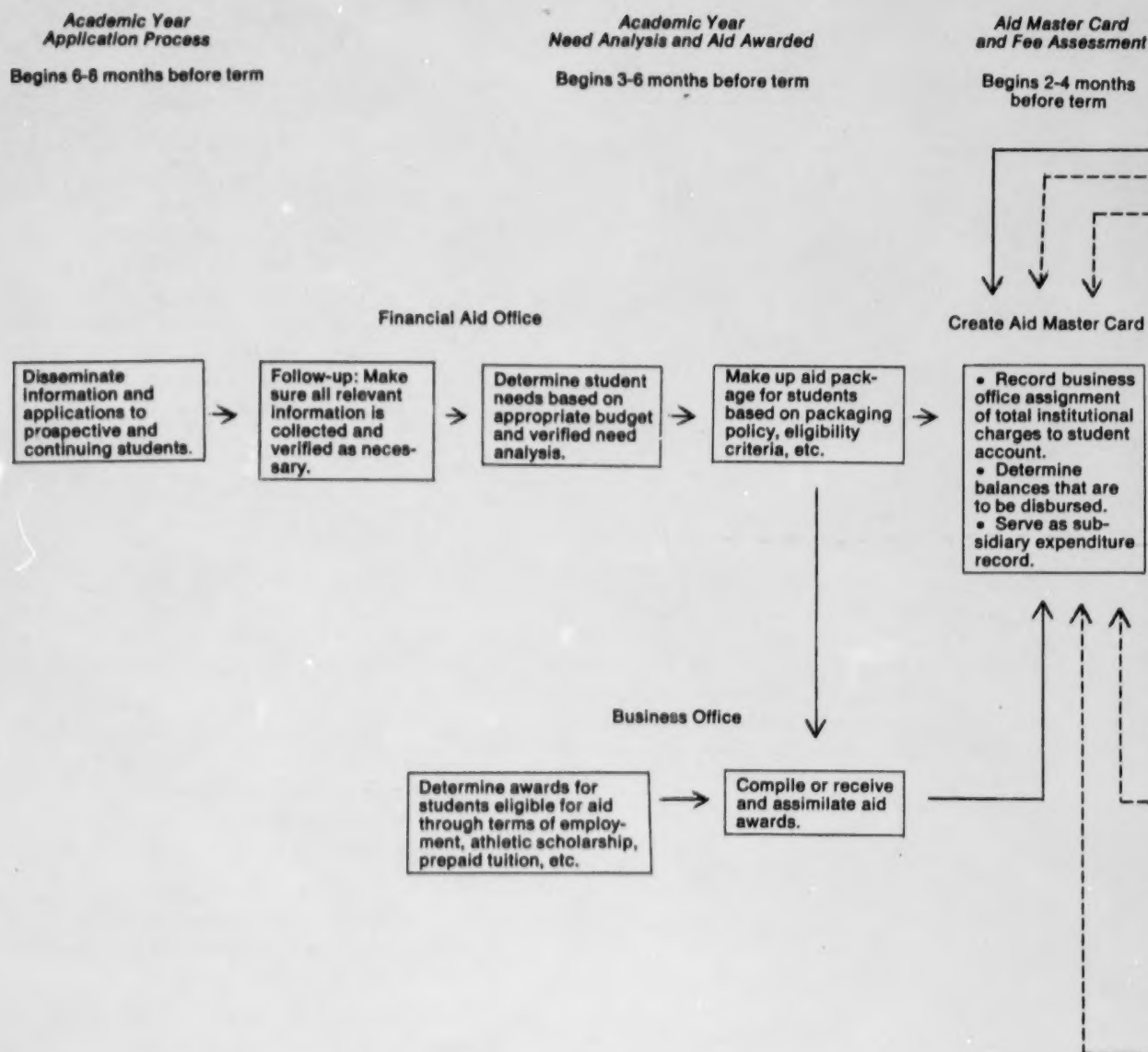
Financial aid audits, regardless of who conducts them, function to assure fiduciary integrity of financial aid transactions and to

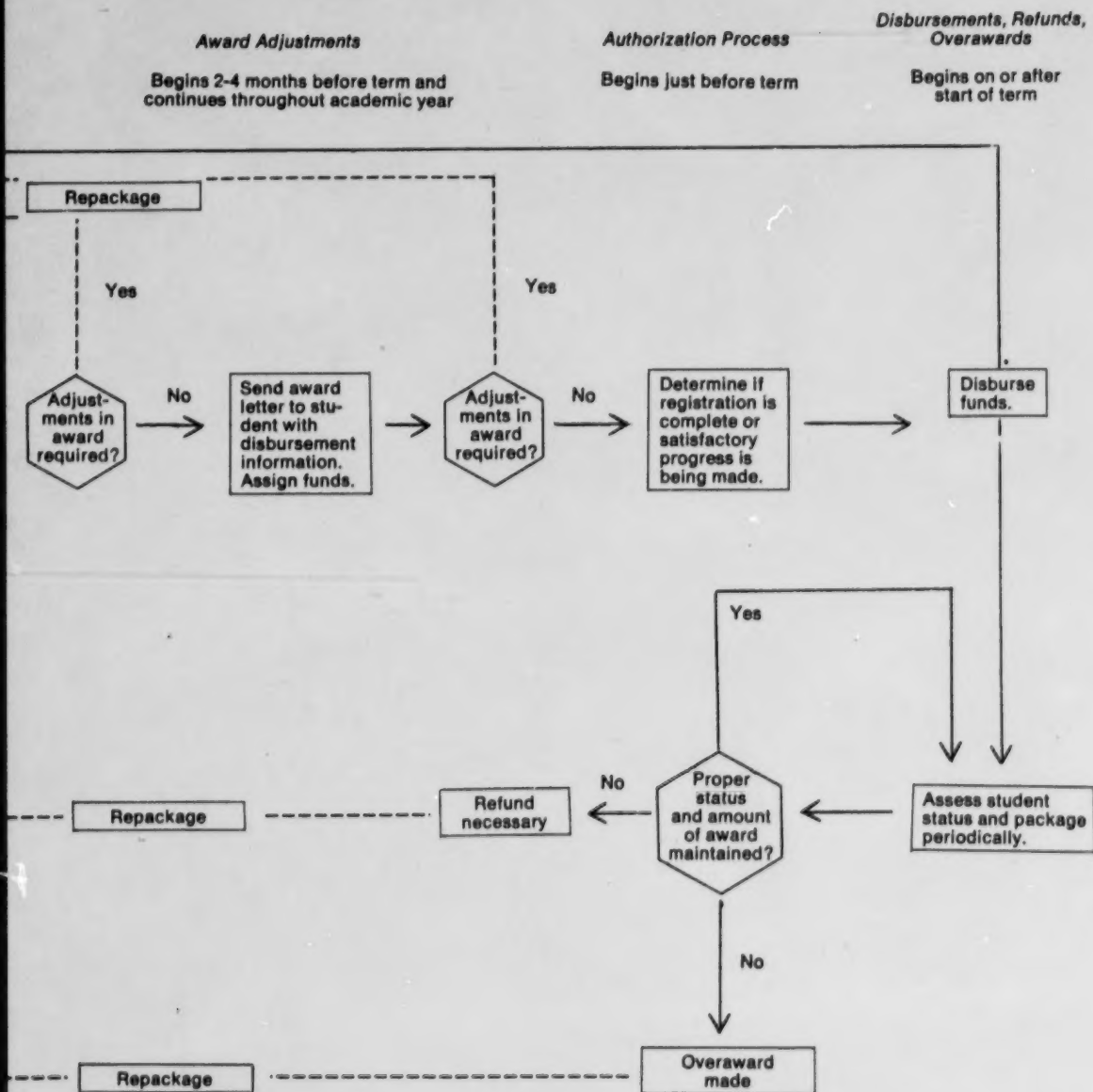
perform a program review for managerial effectiveness and economic efficiency. To satisfy these two requirements, a financial aid audit must evaluate these ten aspects of the aid program:

- Appropriateness of the accounting system;
- Compliance with external regulations;
- Treatment of known problem areas;
- Effectiveness of the collection process;
- Effectiveness of the verification process;
- Effect on the institution's mission;
- Use of aid types (program mix);
- Effectiveness of managerial control points;
- Effectiveness of staffing; and
- Value of aid within context of total resources.

Effective auditing is at the base of an institution's ability to evaluate its financial aid program. Because of the several purposes, diverse nature, and administrative complexity of student financial aid, an institution must thoughtfully examine the issues involved if it is to properly comply with the law while recruiting and retaining students.

The Financial Aid Process Through Disbursement





DEPARTMENT OF HEALTH, EDUCATION AND WELFARE OFFICE OF EDUCATION WASHINGTON, D.C. 20202		FORM APPROVED O.M.B. NO. 61-R0678								
REQUEST FOR INSTITUTIONAL ELIGIBILITY FOR PROGRAMS (UNDER THE HIGHER EDUCATION ACT OF 1965, AS AMENDED) <i>(Authority: 20 U.S.C. 1085, 1088, 1141)</i>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; padding: 2px;">FOR OE USE ONLY</th> </tr> <tr> <td style="width: 50%; padding: 2px;">DATE RECEIVED</td> <td style="width: 50%; padding: 2px;">DATE REVIEWED</td> </tr> <tr> <td colspan="2" style="padding: 2px;">REVIEWED BY</td> </tr> <tr> <td colspan="2" style="padding: 2px;">REASON</td> </tr> </table>	FOR OE USE ONLY		DATE RECEIVED	DATE REVIEWED	REVIEWED BY		REASON	
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DATE RECEIVED	DATE REVIEWED									
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1. NAME OF INSTITUTION	2. ADDRESS (Include Zip Code)									
3. EMPLOYER IDENTIFICATION NO. <i>(Assigned by IRS)</i>	4. OTHER OR FORMER NAMES OF THE INSTITUTION									
5. IF A BRANCH OR CAMPUS OF AN INSTITUTION, GIVE NAME AND ADDRESS OF PARENT INSTITUTION OR CENTRAL OFFICE.										
6. DATE POSTSECONDARY INSTRUCTION FIRST GIVEN (Month, Day and Year)	7. CONTROL (Check one) ☐ PUBLIC ☐ NONPROFIT* ☐ PROPRIETARY (Private, for profit) *If nonprofit is checked, attach a copy of the document from the IRS certifying the institution as one to which contributions are tax deductible under Section 501 (c) (3) of the Internal Revenue Code									
8. IF A NONPROFIT INSTITUTION, DOES THE INSTITUTION TRAIN INDIVIDUALS FOR RELIGIOUS VOCATIONS OR TO BE TEACHERS OF RELIGION? YES ☐ NO	9. SUPPLY THE NAME OF THE AGENCY IN YOUR STATE BY WHICH THE INSTITUTION IS LEGALLY AUTHORIZED TO PROVIDE A PROGRAM OF EDUCATION BEYOND SECONDARY EDUCATION IN THE STATE. ATTACH A COPY OF CURRENT AUTHORIZATION.									
10. ACCREDITATION AND ITS ALTERNATIVES										
A. ☐ IF THE INSTITUTION IS ACCREDITED OR PREACCREDITED BY A NATIONALLY RECOGNIZED ACCREDITING AGENCY OR AGENCIES, CHECK HERE AND PROVIDE A COPY OR COPIES OF THE ACCREDITATION NOTICES. A LIST OF THE RECOGNIZED ACCREDITING AGENCIES IS ENCLOSED.										
B. ☐ IF THE INSTITUTION'S APPLICATION FOR ACCREDITATION IS ALREADY ACCEPTED BY A NATIONALLY RECOGNIZED ACCREDITING AGENCY, BUT THE INSTITUTION SEEKS ELIGIBILITY TO MEET A FUNDING DEADLINE OF THE OFFICE OF EDUCATION BASED, IN PART, ON THE COMMISSIONER'S MAKING AN ALTERNATIVE DETERMINATION OF SATISFACTORY ASSURANCE, CHECK HERE AND PROVIDE THE DOCUMENTS REQUESTED IN THE ATTACHED GUIDELINE.										
C. ☐ IF THE ELIGIBILITY REQUEST IS PARTLY BASED ON THE THREE-INSTITUTIONAL CERTIFICATION METHOD, CHECK HERE AND PROVIDE ON A SEPARATE PAGE THE INFORMATION REQUESTED IN THE ATTACHED NOTICE.										
D. ☐ IF THE INSTITUTION IS APPROVED BY A STATE AGENCY RECOGNIZED BY THE COMMISSIONER AS A RELIABLE AUTHORITY AS TO THE QUALITY OF PUBLIC POSTSECONDARY VOCATIONAL EDUCATION IN YOUR STATE, CHECK HERE AND ATTACH A COPY OF THE APPROVAL NOTICE. A LIST OF THE RECOGNIZED STATE AGENCIES IS ENCLOSED.										
E. ☐ IF THE INSTITUTION IS DESIGNATED AS AN "AREA VOCATIONAL SCHOOL" BY THE AUTHORIZED STATE BOARD UNDER THE VOCATIONAL EDUCATION ACT OF 1963, AS AMENDED, CHECK HERE AND ATTACH A COPY OF THE DESIGNATION NOTICE.										
F. ☐ IF THE INSTITUTION IS A FLIGHT SCHOOL, OR IF IT OFFERS COURSES IN FLIGHT TRAINING, CHECK HERE. ATTACH A COPY OF THE INSTITUTION'S FAA CERTIFICATION.										

11. IF A PROPRIETARY INSTITUTION, LIST THE NAMES AND ADDRESSES OF THE OWNER, MAJOR STOCK - HOLDERS, OR PARENT CORPORATION.		PERCENT OWNERS
12. ARE COMMISSIONED SALESMEN EMPLOYED TO RECRUIT STUDENTS? ☐ YES ☐ NO	13. IS THERE ANY LEGAL ACTION PENDING AGAINST THE INSTITUTION BY A FEDERAL, STATE, OR LOCAL PUBLIC AGENCY? (If yes, give details on a separate page) ☐ YES ☐ NO	
14. IF A PROPRIETARY INSTITUTION, IS THERE ANY LEGAL ACTION PENDING AGAINST IT BY ANY PRIVATE PARTY? (If yes, give details on a separate page) ☐ YES ☐ NO		
15. PROVIDE THE FOLLOWING LITERATURE: A. MOST RECENT CATALOG B. FEE SCHEDULE (If not included in catalog) C. STUDENT CONTRACT ON ENROLLMENT AGREEMENT D. CURRENT PROMOTIONAL LITERATURE (Proprietary institutions only)	16. STATE WHERE THE FOLLOWING INSTITUTIONAL POLICIES CAN BE FOUND IN THE CATALOG OR OTHER ATTACHED LITERATURE, IF NOT IN THE TABLE OF CONTENTS. IF NOT INCLUDED IN THESE, ATTACH EXPLANATIONS ON A SEPARATE PAGE, REFERENCED BY ITEM NUMBER. A. ADMISSION REQUIREMENTS, PAGE _____ B. MEASUREMENT OF SATISFACTORY STUDENT PROGRESS, PAGE _____ C. GROUNDS FOR DISMISSAL OF STUDENTS, PAGE _____ D. REFUND POLICY, PAGE _____	
17. DOES THE INSTITUTION ADMIT ANY STUDENTS ON THE BASIS OF HAVING THE ABILITY TO BENEFIT FROM THE TRAINING OFFERED? ☐ YES ☐ NO IF YES, EXPLAIN HOW THE INSTITUTION DETERMINES THAT A STUDENT HAS THE ABILITY TO BENEFIT FROM THE TRAINING OFFERED.		18. ACADEMIC CALENDAR ☐ SEMESTER ☐ QUARTER ☐ TRIMESTER ☐ CLOCK HOUR ☐ OTHER (Explain: _____ _____ _____

19. TO BE COMPLETED BY ALL PUBLIC AND OTHER NONPROFIT INSTITUTIONS WHICH PUBLISH A CATALOG OR SIMILAR MATERIAL. ALSO TO BE COMPLETED BY ALL PROPRIETARY INSTITUTIONS which grant a degree recognized by their accrediting agency and which publish a catalog. ANY INSTITUTION NOT MEETING THESE CONDITIONS MUST COMPLETE ITEM 20 INSTEAD.

STATE WHERE IN THE CATALOG OR OTHER ATTACHED LITERATURE A LIST OF ALL DEGREES, DIPLOMAS, AND CERTIFICATES WHICH THE INSTITUTION AWARDS, AND THE LENGTH OF TIME IT TAKES TO COMPLETE EACH, CAN BE FOUND, IF NOT IN THE TABLE OF CONTENTS.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
BUREAU OF STUDENT FINANCIAL ASSISTANCE
DIVISION OF PROGRAM OPERATIONS

Closing date for receipt
of combined form
is the
Registered or certified
mail postmark date

OCTOBER 16, 1978

FISCAL-OPERATIONS REPORT
AND
APPLICATION TO PARTICIPATE IN
FEDERAL STUDENT FINANCIAL AID PROGRAMS

NATIONAL DIRECT STUDENT LOAN PROGRAM (CFDA No. 13.471)

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT
PROGRAM (CFDA No. 13.418)

COLLEGE WORK-STUDY PROGRAM (CFDA No. 13.463)

(OE Form 646, 9/78)



DATED MATERIAL - OPEN IMMEDIATELY

PART II - NATIONAL DIRECT STUDENT LOAN PROGRAM (continued)

PLEASE READ INSTRUCTIONS BEFORE
COMPLETING THIS FORM.

FORM APPROVED

O.M.B. No. 51-R0477

NAME OF INSTITUTION

SERIAL NUMBER (CSGB)

SECTION C - CUMULATIVE REPAYMENT INFORMATION AS OF JUNE 30, 1978

STATUS OF BORROWERS AS OF JUNE 30, 1978	NUMBER OF BORROWERS	AMOUNT LENT	PRINCIPAL AMOUNT REPAID OR CANCELLED	LOAN PRINCIPAL ACCEPTED BY THE U.S.	PRINCIPAL AMOUNT OUTSTANDING	PRINCIPAL AMOUNT PAST DUE AND IN DEFAULT	PRINCIPAL AMOUNT IN DEFERRED STATUS
	a	b	c	d	e	f	g
1. TOTAL NUMBER OF BORROWERS AND AMOUNT ADVANCED	37,847	38,347,690	16,743,861		21,603,829	1,317,495	78,944
2. BORROWERS WHOSE LOANS ARE FULLY RETIRED	17,169	10,538,452					
3. BORROWERS WHOSE DEFAULTED LOANS HAVE BEEN ASSIGNED TO AND ACCEPTED BY THE U.S.							
4. TOTAL BORROWERS NOT IN REPAYMENT STATUS (sum of lines 4.1 through 4.4)	9,375				9,634,063		
4.1 STUDENT STATUS AT YOUR INSTITUTION	7,263	7,343,608			7,230,683		
4.2 STUDENT STATUS AT ANOTHER INSTITUTION	536	795,032			696,786		
4.3 GRACE PERIOD	924	1,172,243			1,158,018		
4.4 DEFERMENT	652				548,576		78,944
5. BORROWERS ON SCHEDULE IN REPAYMENT STATUS	7,269				7,683,570		
6. BORROWERS WHOSE ACCOUNTS ARE CURRENTLY PAST DUE—AND IN DEFAULT BY LENGTH OF TIME PAST DUE AND LENGTH OF TIME IN DEFAULT							
6.1 LESS THAN 120 DAYS (monthly installments)	-0-	-0-	-0-		-0-	-0-	
6.2 LESS THAN 180 DAYS (other installments)	1,615	1,941,102	343,319		1,597,783	212,794	
6.3 120 DAYS OR MORE UP TO 1 YEAR (monthly installments)	-0-	-0-	-0-		-0-	-0-	
6.4 180 DAYS OR MORE UP TO 1 YEAR (other installments)	331	511,781	63,308		448,473	71,037	
6.5 MORE THAN 1 YEAR UP TO 2 YEARS	606	850,675	108,369		742,306	204,033	
6.6 MORE THAN 2 YEARS	1,482	1,690,907	193,273		1,497,634	829,631	
6.7 TOTAL ACCOUNTS PAST DUE BUT NOT IN DEFAULT (sum of lines 6.1 and 6.2)	1,615	1,941,102	343,319		1,597,783	212,794	
6.8 TOTAL ACCOUNTS IN DEFAULT (sum of lines 6.3 through 6.6)	2,419	3,053,363	364,950		2,688,413	1,104,701	

OE FORM 646 (9-78)

REPLACES OE FORM 1152-2, 5/77,
WHICH IS OBSOLETE

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
BUREAU OF STUDENT FINANCIAL ASSISTANCE
AGREEMENT COVERING INSTITUTIONAL PARTICIPATION IN
PROGRAMS OF STUDENT FINANCIAL ASSISTANCE

Name of Institution

Address of Institution

IRS Employer Identification Number

(referred to below as the "Institution") and the Commissioner of Education, U.S. Department of Health, Education, and Welfare (referred to below as the "Commissioner") agree to the terms of ARTICLES I, II, XI and XII, and the other ARTICLES of this agreement that are applicable to each program identified in ARTICLE I.

ARTICLE I. SCOPE OF COVERAGE

1. This Agreement covers the Institution's eligibility to participate in each of the following checked programs:

- () BASIC EDUCATIONAL OPPORTUNITY GRANTS PROGRAM (BEOG) - Regular Disbursement System 20 U.S.C. 1070a; 45 CFR Part 190.
- () BASIC EDUCATIONAL OPPORTUNITY GRANTS PROGRAM (BEOG) - Alternate Disbursement System 20 U.S.C. 1070a; 45 CFR Part 190 Subpart H.
- () NATIONAL DIRECT STUDENT LOAN PROGRAM (NDSL)* - 20 U.S.C. 1087aa-1087ff; 45 CFR Part 144.
- () GUARANTEED STUDENT LOAN PROGRAM (GSLP) - 20 U.S.C. 1071-1087-4; 45 CFR Part 177.
- () SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM (SEOG) - 20 U.S.C. 1070b; 45 CFR Part 176.
- () COLLEGE WORK STUDY PROGRAM (CWS) - 42 U.S.C. 2751-2756; 45 CFR Part 175, Subpart A.
- () JOB LOCATION AND DEVELOPMENT PROGRAM - 42 U.S.C. 2756a; 45 CFR Part 175, Subpart B.

* The National Direct Student Loan Program is a continuation of the National Defense Student Loan Program authorized by Title II of the National Defense Education Act of 1958, as amended. (20 U.S.C. 421-429)

2. The Institution agrees to comply with the statute of each program checked, any applicable provision of the "General Provisions Relating to Student Assistance Programs" found in Title IV-F of the Higher Education Act of 1965, as amended (20 U.S.C. 1088-1088g) ("General Provisions") and any regulations, as they become effective, implementing those statutory requirements.

3. The Institution agrees to use the funds advanced to it under each program for the purposes specified in, and in accordance with the provisions set forth in, the statute authorizing the program, the "General Provisions", and the regulations in effect implementing that program statute and the "General Provisions."

4. The Institution agrees to comply with Title VI of the Civil Rights Act of 1964, as amended, and the regulations implementing that act, 45 CFR Part 80 and 81 (discrimination on the basis of race, color, or national origin); Title IX of the Education Amendments of 1972 and its implementing regulation, 45 CFR Part 86 (discrimination on the basis of sex); and section 504 of the Rehabilitation Act of 1973, 45 CFR Part 84 (discrimination on the basis of physical handicap).

ARTICLE II. PROVISIONS APPLICABLE TO ALL PROGRAMS

The Institution agrees to perform the functions and activities required to be performed under paragraphs 2 and 3 of ARTICLE I of this agreement. These functions and activities include, but are not limited to:

1. Student Eligibility

Before paying any money under any program (other than the Guaranteed Student Loan Program), the Institution agrees to:

- (a) determine that a student is eligible under the specific program regulations for that assistance, and
- (b) have on file the required executed affidavit of educational purpose.

Before providing any information to a lender under the Guaranteed Student Loan Program, the Institution agrees to determine that a student is eligible for that loan.

2. Administrative Allowance

If an Institution receives an administrative allowance under any program, it agrees to use those funds to carry out the Student Consumer Information requirements set forth in section 493A of the Higher Education Act of 1965, as amended, and the Student Consumer Information Services regulations, 45 CFR 178. The Institution agrees to use any administrative allowance remaining after it carries out those activities to administer the Federal student financial assistance programs.

ARTICLE III. BASIC GRANTS PROGRAM - REGULAR DISBURSEMENT SYSTEM

The Institution agrees to perform the functions and activities set forth in Subpart G of the program regulations (45 CFR 190, Subpart G). These functions include, but are not limited to:

1. determining the eligibility of students to receive awards,
2. computing the amount of Basic Grants according to Subpart F of the program regulations and the payment schedule provided by the Commissioner,
3. documenting and verifying the information on the Student Eligibility Report for students selected by the Commissioner,
4. paying funds to the student directly or to the student's account,
5. recovering award overpayments, and
6. maintaining records and accounting for funds.

ARTICLE IV. BASIC GRANTS PROGRAM - ALTERNATE DISBURSEMENT SYSTEM

Under the Alternate Disbursement System the Institution agrees to perform the functions set forth in Subpart H of the program regulations. (45 CFR 190, Subpart H). These functions include:

1. providing each student, upon request, with the appropriate form needed to calculate the student's award,
2. providing information necessary for the computation and disbursement of awards including confirming that the student is eligible for a payment,
3. certifying the accuracy of the information supplied by the student,
4. maintaining records relating to a Basic Grant recipient's enrollment status, costs of attendance and period of enrollment, and
5. providing access to the Commissioner or his designate to those records.

ARTICLE V. NATIONAL DIRECT STUDENT LOAN - SPECIFIC PROVISIONS

1. The Institution agrees to establish and maintain a National Direct Student Loan Fund (Fund) for the purpose of making loans to eligible students. (Any student loan Fund established under an agreement under Section 204 of Title II of the National Defense Education Act of 1958, as amended, is considered established under Section 463 of Title IV, Part E, of the Higher Education Act of 1965, as amended. Any asset of that Fund is considered to be an asset of the Fund established under this Agreement.)

2. The Institution agrees to deposit promptly in the Fund:

- (a) Federal Capital Contributions received by the Institution,
- (b) an amount from its own funds, equal to not less than one-ninth of the Federal contribution (Institutional capital contribution),
- (c) collections of principal and interest on loans made from the Fund,
- (d) penalty charges collected according to Subpart B of the program regulations,
- (e) payments made to the Institution by the Commissioner as a result of cancellations on loans made after June 30, 1972 (Direct Loans),
- (f) any other earnings of the Fund, and
- (g) short-term interest-free loans made by the Institution to the Fund in anticipation of collections.

3. The Institution agrees to use the Fund only for:

- (a) loans to students in accordance with the program regulations,
- (b) an administrative allowance in accordance with ARTICLE II, paragraph 2 of this Agreement,
- (c) costs of litigation and other collection costs as specified in Subpart C of the program regulations,
- (d) capital distributions as provided in Subpart A of the program regulations, and
- (e) repayment to the institution of the short-term loans made in accordance with subparagraph 2 (g) of this Article.

4. The Institution agrees to use due diligence in the collection of loans made from the Fund according to the requirements of Subpart C of the program regulations. If a loan has been in default for at least two years despite the Institution's exercise of due diligence, the Institution may assign its rights to the note to the United States Government without recompense.

5. The Institution agrees to submit a report to the Commissioner on at least a semi-annual basis indicating the total number of loans made from its Fund which are in default for 120 days for loans repayable in monthly installments or for 180 days for loans repayable in less frequent installments, and

6. The Institution agrees to make loans from the Fund reasonably available (to the extent of available funds in the Fund) to all eligible students in need thereof.

ARTICLE VI. GUARANTEED STUDENT LOAN - SPECIFIC PROVISIONS

1. The Institution agrees to comply with all program statutes and regulations.

2. This Agreement does not authorize the Institution to make loans under the Guaranteed Student Loan Program.

ARTICLE VII. SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS - SPECIFIC PROVISIONS

1. The Institution agrees to consider the source of a student's income and that of any individual or individuals upon whom the student relies primarily for support and agrees to make an appropriate review of the assets of the student and these individuals in determining whether the student has exceptional financial need.

2. The Institution, either on its own or in cooperation with other eligible institutions, agrees to undertake a vigorous effort to identify youths of exceptional financial need and encourage them to continue their education beyond secondary school through the development of close liaison with high school principals, counselors and community leaders. The Institution agrees, to the extent feasible, to make conditional commitments for Supplemental Grants to qualified secondary students who, but for such grants, would be unable to receive a postsecondary education. In making commitments, the Institution further agrees to place special emphasis upon students in grades 11 or lower who show evidence of academic or creative promise.

3. The Institution agrees to make Supplemental Grants reasonably available (to the extent of available funds) to all eligible students.

ARTICLE VIII. COLLEGE WORK-STUDY PROGRAM - SPECIFIC PROVISIONS

1. The Institution agrees to conduct a program of part-time employment for eligible students in work for the Institution itself (except in the case of a proprietary institution of higher education), or work in the public interest for a Federal, State, or local public agency or a private non-profit organization under an arrangement between the Institution and the agency or organization. That work is not considered in the public interest if:

- (a) it is primarily for the benefit of the members of a limited membership organization (such as a credit union, a fraternal or religious order, or a cooperative), rather than for the public at large,
- (b) it is to be performed for an elected official other than as part of the regular administration of Federal, State, or local government, or
- (c) it is work for which the political support or affiliation of the student is taken into consideration.

2. In selecting students for employment, the Institution agrees to give preference to students with the greatest financial need, taking into account grant assistance provided the student from any public or private sources.

3. The Institution agrees to furnish employment only to a student who:

- (a) has financial need;
- (b) shows evidence of academic or creative promise and capability of maintaining good standing in that course of study while employed; and
- (c) has been accepted for enrollment at the institution as at least a half-time student or, in the case of a student already enrolled in and attending the institution, is in good standing and in attendance there as at least a half-time student.

4. (a) The Institution agrees that the Federal share of the compensation of students employed under this Agreement will not exceed 80 percent of such compensation. ("Federal share" means the CWS funds allocated to the institution.)

(b) The Commissioner may approve a Federal share of more than 80 percent of the compensation under conditions set forth in Subpart A of the program regulations where the Institution has been officially designated a "developing institution of higher education," or the Institution can demonstrate that at least 50 percent of its students who are enrolled as at least half-time students have parents whose annual adjusted gross income is less than \$7,500.

5. The Institution agrees that no student employed in the College Work-Study Program will be required to terminate that employment during a semester (or other regular enrollment period) at the time income derived from any additional employment together with the College Work-Study income is in excess of the

amount determined to be needed by the student for that semester (or other regular enrollment period). However, when that excess income equals \$200 or more, continued employment under the College Work-Study Program must not be subsidized with funds allocated to the Institution under this part.

6. The Institution agrees that employment under the College Work-Study Program will be made reasonably available (to the extent of the available funds) to all eligible students in the Institution in need thereof, and that equivalent employment offered or arranged by the Institution will be made reasonably available (to the extent of available funds) to all students in the Institution who desire employment.

7. An area vocational school agrees to the provisions of paragraph (1) through (6) of this Article and further agrees that a student in that school is eligible to participate in the College Work-Study Program only if the student:

- (a) Has a certificate of graduation from a school providing secondary education or the recognized equivalent of that certificate (GED); and
- (b) Is pursuing a program of education or training which requires at least six months to complete and is designed to prepare the student for gainful employment in a recognized occupation.

ARTICLE IX. MAINTENANCE OF EFFORT - SEOG AND CWS PROGRAMS ONLY

1. For each award year in which an Institution receives an allocation under the Supplemental Educational Opportunity Grants Program or the College Work-Study Program, the Institution agrees to spend from its own scholarship and student aid programs, from sources other than funds received under this Agreement, an amount which is not less than its three year base level amount. The base level amount is calculated in accordance with the maintenance of effort section of the Supplemental Educational Opportunity Grants Program and College Work-Study Program regulations (45 CFR 176 and 175 respectively).

2. This Agreement is not a new agreement for purposes of the maintenance of effort requirements set forth in the Supplemental Educational Opportunity Grants and College Work-Study Program regulations.

ARTICLE X. JOB LOCATION AND DEVELOPMENT PROGRAM - SPECIFIC PROVISIONS

In establishing a Job Location and Development Program, or in expanding its own existing program, the Institution agrees to comply with the conditions set forth in 45 CFR 175 Subpart B which include, but are not limited to, the following:

- 1. The Institution certifies that the Federal funds used for this program can realistically be expected to help generate student wages exceeding in the aggregate the amounts of these Federal funds.
- 2. The Federal share of the cost of any Job Location and Development program, will not exceed 80 percent of the program's cost.
- 3. The Institution will continue to spend in its own job location and development programs, from sources other than funds received under Subpart B of the program regulations, not less than the average expenditures per year made during the most recent three fiscal years preceding the effective date of this Agreement.
- 4. The Program will locate and develop jobs for students during and between periods of enrollment and will not locate or develop jobs for students to obtain upon graduation.
- 5. The Program will not:
 - (a) locate or develop jobs at the Institution, or
 - (b) displace currently employed workers, or impair existing contracts for services.
- 6. The Institution will submit an annual report to the Commissioner providing:
 - (a) the uses made of funds provided for the Job Location and Development Program regulations, and
 - (b) an evaluation of the effectiveness of the program in benefitting students of the Institution.
- 7. If funds are used to contract with another organization, the contract will include appropriate performance standards.
- 8. The effective date of the Job Location and Development Program will be the later of (a) July 1, 1977 or (b) the date on which this program is initiated by the Institution.

ARTICLE XI. AGREEMENT DURATION

1. Except for the Job Location and Development Program discussed in ARTICLE X, this Agreement is effective on the date executed by the Commissioner. This Agreement supersedes any prior Agreements between the Commissioner and the Institution concerning the administration of any Title IV program covered by this Agreement.

2. This Agreement terminates:

- (a) On the date the Institution undergoes a change of ownership which results in a change of control, or
- (b) On June 30th of the award year in which the Institution undergoes a certification review.

3. A certification review means a formal appraisal by the Commissioner of the Institution's financial responsibility and administrative capability to administer and participate in the programs covered by this Agreement.

4. The Commissioner or the Institution may terminate this Agreement under a program regulation or under the Limitation, Suspension or Termination regulations (45 CFR 168). In the event of termination by either party, the termination will become effective on the date specified by the applicable regulation.

ARTICLE XII. SIGNATORIES

As Chief Executive Officer of this Institution, I agree that this Institution, its branch campus(es) (if any) and its representatives will comply with all laws and program regulations applicable under this Agreement.

Signature of Chief Executive Officer

Date

Name

Title

This agreement includes the following Branch Campus(es):

Name(s) and Address(es) of Branch Campus(es)

IRS-EI Number

For the Commissioner

Date

AFFIDAVIT for use completed by all federal aid applicants.

I hereby affirm that any funds received under the Basic Educational Opportunity Grant, the Supplemental Educational Opportunity Grant, the College Work Study, the National Direct Student Loan, or the Guaranteed Federally Insured Loan Programs will be used solely for expenses related to attendance or continued attendance at [redacted]. I further understand that I am responsible for repayment of a prorated amount of any portion of payments made which cannot reasonably be attributed to meeting educational expenses related to the attendance at that institution. The amount of such repayment is to be determined on the basis of criteria set forth by the U.S. Commissioner of Education.

I affirm that, to the best of my knowledge, I do not owe a repayment on a Basic Educational Opportunity Grant, a Supplemental Educational Opportunity Grant, or a State Student Incentive Grant previously received for study at the institution below. To the best of my knowledge, I am not in default on a National Direct Student Loan made at the institution nor any guaranteed, federally insured student loan guaranteed or insured by the commissioner or by a guarantee agency for attendance at that institution.

I am also aware that in order to continue to receive assistance from any of the programs mentioned in the preceding paragraph, I must maintain satisfactory progress in the course of study I am pursuing according to the standards and practices of the institution.

Signature (sign only in presence of Notary) _____ Date _____

Academic period covered by award: July _____ 1979 to June _____ 1980

Subscribed and sworn before me this _____ day of _____ 19 _____

(SEAL) My commission expires _____

Signature of Notary Public _____

Address of Notary Public _____

OF Form 1289

Social Security # - -

Legal Name _____ last _____ first _____ middle _____ p. no. _____

Home Address _____ no. & street _____ city _____ state & zip _____ Telephone _____

Local or Mailing Address _____ no. & street _____ city _____ state & zip _____ Telephone _____

Citizenship _____ If not U.S., what is your visa number? _____

Date of Birth _____ mo. _____ day _____ yr _____ Marital Status _____ Sex _____

Parish or Church Attended _____

Optional: Certain undergraduate scholarships require this information to determine eligibility.

What is your planned residence? ☐ Parents' Home ☐ Own ☐ Relative ☐ Other ☐ Housing _____ or Apt _____ Apt # _____ (Specify _____)

Date of First Enrollment at [redacted] (Mo./Yr.) _____ Expected Completion Date (Mo./Yr.) _____

If an incoming student, have you been formally accepted to the program? _____ No _____ Yes Date _____

Check if applicable for '79-'80: _____ Transferring from another school _____ Being readmitted to [redacted] after Leave of Absence

Your status for '79-'80: Full-time _____ Part-time _____ Number of Credits _____ Semester I _____ Semester II _____

All incoming grad students must provide a copy of their letter of acceptance before they will be considered for aid.

Major Field and Department _____ Career Objective _____

Check the School in which you will be enrolled for 1979-80:

- | | | |
|--|---|--|
| ☐ Arts and Sciences | ☐ Registered Nurse Program | ☐ Grad. School of Management |
| ☐ School of Management | ☐ MS. Nursing | ☐ Law School (Grad.) |
| ☐ Education | ☐ Evening School | ☐ Grad. School of Social Work |
| ☐ School of Nursing (Basic Program) | ☐ Graduate Arts and Sciences (including Grad. Ed.) | |

Check **all types** of Financial Aid for which you wish to be considered:

Undergrad Only*

Undergrad or Grad**

- | | |
|---|--|
| ☐ [redacted] Scholarship Grant (or renewal) | ☐ National Direct Student Loan |
| ☐ [redacted] Scholarship Grant Increase | ☐ Term Employment (College Work Study) *** |
| ☐ Nursing Scholarship | ☐ Summer Employment (College Work Study) **** |
| ☐ Nursing Student Loan | ☐ FHEP (Guaranteed Insured) Loan from local banks, etc. *** |
| ☐ Supplemental Educational Opportunity Grant | ☐ Other (Explain _____) |
| ☐ Basic Educational Opportunity Grant* | |

* All undergraduate aid applicants are **required** to apply for the Basic Educational Opportunity Grant on the FAF and submit the Student Eligibility Report to the Financial Aid Office.

** All graduate students seeking assistantships or scholarships should apply directly to the appropriate department of the school to which they are applying. Also, all graduate students are expected to obtain a FHEP Loan as part of their financial aid package.

*** Obtain separate application at your bank in addition to filing this application and a Financial Aid Form at [redacted].

**** In addition to this application, student must come into office and sign up for Work Study during the specified period (see receptionist). Visit the Student Employment Office for regular on-campus and off-campus employment opportunities.

Did you live with parents for more than 6 weeks during 1978 _____ Yes _____ No _____ 1979 _____ Yes _____ No _____

Did you have parents claim student as a dependent on their federal tax return for 1978 _____ Yes _____ No _____ 1979 _____ Yes _____ No _____

Did you have parents provide more than \$750 support to student for 1978 _____ Yes _____ No _____ 1979 _____ Yes _____ No _____

I have filed the 1979-80 Financial Aid Form with the College Scholarship Service _____ Yes _____ No Date sent _____

Please
Print
Student's
Name

Last

First

Middle

S.S. #

The College's estimate of a student's need is based on an analysis of information supplied in the ☐ Financial Aid application, the Financial Aid Form (FAF), and the tax return. Frequently, various forms of assistance must be combined to meet the student's need. All students are expected to apply for other sources of aid including state scholarship programs and higher education loans at banks in their state of residence. Students receiving outside scholarships or grants are required to inform this office in writing. In addition, students are expected to save \$600 to \$800 from summer earnings each year. In the event an applicant receives other assistance, the college may be required to adjust the total amount of aid awarded to a student. All financial aid resources are limited in some way and it is the intent to use these resources in such a way that the greatest number will benefit.

Financial Aid History

(Graduate Students should complete only Items c through i.)

Year	Institution (if other than ☐)			
	1978-1979	1977-1978	19 - 19	19 - 19
a) Supplemental Educational Opportunity Grant				
b) Basic Educational Opportunity Grant				
c) Other Scholarships/Grants (source: _____)				
Other Scholarships/Grants (source: _____)				
Is this award renewable? _____				
d) State Scholarship (State: _____)				
Did you reapply? _____				
If not, why not? _____				
e) Nursing Student Loan Amount you wish to apply for in 1979-80 \$ _____				
f) National Direct Student Loan Amount you wish to apply for in 1979-80 \$ _____				
g) Guaranteed Insured (HELP or bank) Loan Are you applying for one in 1979-80? _____ Amount \$ _____				
h) Other Loans (source: _____)				
i) ☐ Graduate/Teaching Assistantship Has assistantship been received for 1979-80? _____ If so, please list amount for stipend \$ _____ Tuition remission \$ _____ (If application is pending, please check here _____)				
Have you received Work-Study previously? _____ If so, list name of employer and date(s) _____				
Please give the names and addresses of two persons in your community as character references:				
a.) _____	name	address	telephone number	
b.) _____	name	address	telephone number	
Please give the name and address of the nearest relative not living with you				
_____	name	address	telephone number	
List all schools and colleges attended beginning with high school				
_____	School	Address	Dates of Attendance	Degree or Diploma

Do you have life insurance coverage? _____ If so, indicate name of company and amount _____				
Do you own a car? _____ License # _____ State _____				
Make _____ Year _____				

FINANCIAL AID INFORMATION

GENERAL

██████ does not discriminate against aid applicants on the basis of sex, race, color, physical handicap, or national/ethnic origin. ██████ administers a variety of assistance programs to help students finance their education when their own and their families' resources are inadequate for this purpose. It is a fundamental principle of financial aid, however, that the student's first resource must be his own earning capacity, followed by the income and assets of his immediate family. Independent students should consult with a financial aid officer before applying.

To enable the Financial Aid Office to make a proper judgment as to the amount and kind of assistance for which a student is eligible, a copy of the tax return and a Financial Aid Form must be filed along with this application.

Financial Aid Forms, tax returns, and applications must be filed **each** year whether or not the student has filed previously. If the recipient has been informed in writing that his assistance would be renewed automatically according to the conditions stated in the Award Letter, he or she must still file at least this application, and if an increase in aid is requested the tax return and Financial Aid Form must also be filed.

The following types of aid are available individually or in combination and **must be applied for each year** (for additional information on these aid programs please consult the ██████ Financial Aid Office Brochure, University Bulletin, or University Student Guide):

██████ SCHOLARSHIPS/GRANTS (UNDERGRADUATES ONLY)

These are based on need combined with academic performance or potential or some other skill and are designated for incoming freshmen with renewal contingent upon maintenance of the conditions under which the award was originally granted. Scholarships or grants which are lost or forfeited are reawarded to students of the same class on a one-year basis. Only a few types of scholarships and grants can be increased if university costs increase and any increases are based entirely on need.

BASIC EDUCATIONAL OPPORTUNITY GRANTS (UNDERGRADUATES ONLY)

The eligibility index for this award is computed primarily on the basis of parent student income and assets, family size and number in college. All students are required to apply if they are at least half-time. Awards for 1979-80 will range from \$200 to \$1800.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (UNDERGRADUATES ONLY)

These are grants made available from federal funds to at least half-time students who meet strict family need and related standards. Grants range from \$200 to \$1500 per year and may be renewable upon reapplication as long as need continues. The award must be matched by certain other types of federal, institutional, or state aid.

NURSING SCHOLARSHIP PROGRAM

Awards are made to at least half-time students on the basis of need, as determined by the Financial Aid Form and tax return, and are renewable only upon reapplication. Funds are very limited.

NATIONAL DIRECT (formerly DEFENSE) STUDENT LOANS (must be signed for in Student Loan Office, ██████, to be received.)

Amounts awarded are for at least half-time students and are based on need. Undergraduates are limited to a combined total of \$2,500 for the first two years and a combined total of \$5,000 for all undergraduate years. Graduate students are limited to a combined total of \$10,000 for undergraduate and graduate years. Veterans will **automatically** be considered independent of their parents when considered for this loan. Maximum award usually does not exceed \$2,500 a year.

No interest is charged until repayment begins. Ordinarily a repayment period of 10 years is permitted, at an interest charge of 3% on the unpaid balance, beginning 9 months after the student leaves school. Deferment periods of three years without payment of principal or interest are allowed for military, Peace Corps and VISTA service. Also, no payments are required as long as the student remains at least a half-time student at the graduate level or undergraduate level.

Effective 7/1/72, teaching of the emotionally, physically and mentally handicapped qualified for a 100% cancellation over 5 years (15%, 15%, 20%, 20%, 30%). Teaching in a Headstart program now qualifies, under certain conditions, for 15% /year cancellation up to 100%. Teaching in certain economically deprived areas also qualifies for cancellation.

Finally, borrowers involved in active military service after 7/1/70 may qualify for 12 1/2% per year cancellation up to 50%, although any loans negotiated after 7/1/72 can be cancelled only for **combat** military service.

All amounts owed are cancelled in case of death or permanent total disability.

NURSING STUDENT LOANS (must be signed for in Student Loan Office, ██████, in order to be received.)

At least half-time nursing students may apply for up to \$2,500 per academic year. Amounts awarded will be based on student's need. No interest is charged on loans until repayment period begins. A repayment period of 10 years is permitted with interest of 3% charged on the unpaid balance. Repayment period begins 9 months after graduation with a period of deferral allowed for time spent in full-time graduate study, active duty in military service or Peace Corps service.

Employment as a full-time professional nurse in any public or private non-profit agency qualifies for up to 85% cancellation. Loans are also cancelled for death or permanent disability.

Nursing students are encouraged to seek other sources of loans (e.g., HELP) due to limitations of funds in this program.

COLLEGE WORK-STUDY EMPLOYMENT PROGRAMS (summer, fall, and spring term)

With the assistance of Federal funds, the Financial Aid Office is able to provide to at least 1/2 time students many employment opportunities either on the campus or in various public or private non-profit off-campus agencies both in the ██████ area and in the student's home community (even in other states).

REGULAR EMPLOYMENT—consult Student Employment Office

Other opportunities may be available for part-time employment throughout the school year. The limitation on hours makes it unlikely that students can earn more than one-half tuition during the course of the year in this fashion.

HELP LOANS, GUARANTEED INSURED LOANS, BANK LOANS, ETC. (See HELP Loan information sheet)

Student Financial Aid Office
Campus University

January, 1978

All Undergraduate Dependent Financial Aid Applicants for 1978-79 are responsible for reading and following the items below:

I. Who Must File for Financial Aid for 1978-79?

Except as noted below, any matriculated student who is enrolled at Campus University at least half-time and who is applying for any of the aid programs listed on the front page of the attached Campus University Financial Aid Application must file (1) this application, (2) the Financial Aid Form (which is processed by the College Scholarship Service and *replaces* the Parents' Confidential Statement), and (3) a photocopy of their parents' *complete* 1977 federal tax return signed and notarized by the parents. Federal aid applicants should also follow item II(B) below with regard to a requirement that they file for a Basic Educational Opportunity Grant.

Exceptions

(A) Students applying *only* for certain types of Campus University grants or scholarships (Faculty or Relative, Athletic, Honorary) must file just the Campus University Financial Aid Application with page 1 completed.

(B) Students applying for a bank loan (i.e., Guaranteed Student Loan, HELP Loan, etc.) must file the blue Campus University Bank Loan Form available at the Financial Aid Office. In addition, if adjusted family income (i.e., adjusted gross incomes from parents' and student's federal tax returns, less 10 percent of this figure, less \$750 per family member) exceeds \$25,000, a Financial Aid Form processed by the College Scholarship Service must also be filed (if the student is seeking the federal interest subsidy on the loan), since determination of need must be made by the Financial Aid Office in all such cases. See August 1 deadline information below.

II. Other Requirements or Reminders

(A) Applicants for all federal programs (National Direct Student Loan, Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, College Work-Study, Nursing Scholarship, and Nursing Loan) are *required* by the federal government to read and sign the Affidavit on the front of the Campus University Financial Aid Application in the presence of a notary public.

(B) You will note that the Basic Educational Opportunity Grant (BEOG) section (Items 83-4) of the enclosed FAF has already been completed for you. You do *not* need to file a *separate* Basic Grant application for 1978-79. Using the FAF to apply for a Basic Grant does *not* involve any additional cost to you and insures that you will be reviewed for eligibility for the Basic Grant program. All undergraduate applicants for federal aid are *required* by the Financial Aid Office to file for a federal Basic Educational Opportunity Grant for 1978-79 *before* they will be considered for other federal programs. *All* copies of the Student Eligibility Report (SER) that will be forwarded to you by the federal government *MUST* be returned to the Financial Aid Office, *whether or not* eligibility is shown, in order to verify that application was made. The SER must be returned to the Financial Aid Office by *June 1, 1978*. Please consult the Financial Aid Form itself for more information. If you have any questions regarding the above procedure, please see your Financial Aid Counselor.

(C) In Item 81 of the FAF, Campus University's name and code number have been stamped. If you are applying to other schools, pick up a complete CSS code list in this office.

(D) You will be considered for *only* those aid types which you check off on the front of the Campus University Financial Aid Application.

(E) You are reminded that federal regulations require *all* on-campus employment to be monitored by the Financial Aid Office and *net* earnings, waivers of tuition and/or room and board, and other types of compensation from such employment to be used as a student resource in the need analysis process. In addition, approximately 60 percent of *gross* summer Work-Study earnings are assumed to be available as a resource for the following academic year, according to federal guidelines.

(F) Students or parents who need more space for providing additional details or explaining unusual situations should simply attach an extra page to the Financial Aid Form before submitting it to the College Scholarship Service for processing.

(G) Students whose parents operate a business or farm should file Supplement A or B along with the FAF. This supplement is available in the Financial Aid Office.

(H) All summer mail (e.g., questions, clarifications, award letters) will be sent by the Financial Aid Office to your *home address* unless you notify us otherwise *in writing*. In addition, any changes in circumstances which significantly affect the student's or the family's financial situation (e.g., marriage, illness, summer or regular job layoff, etc.) should be forwarded in writing immediately to the Financial Aid Office.

(I) Financial aid awards or other notification to applicants who filed on time are usually mailed in early August.

(J) All _____ State Scholarship applicants for 1978-79 are reminded that they must request that a copy of their FAF be sent to the "State of _____" (Code # _____) and complete the _____ State Scholarship section of the FAF (i.e., Item 80, which contains extra questions required by the _____ State Scholarship Program). The Scholarship Office may also request directly from you during the summer a copy of your parents' federal tax return before they confirm your award.

III. Filing Deadlines and Other Important Dates

NOTE: ANY DOCUMENTS RECEIVED AFTER THE DEADLINES NOTED BELOW WILL BE MARKED "LATE" AND STUDENT FOLDERS WILL BE PROCESSED AFTER THE FALL SEMESTER BEGINS (NO DEFERMENTS WILL BE GRANTED IN THESE CASES). Since funding is always limited, students who file late may *reduce or eliminate* their chances of receiving assistance for 1978-79, even if aid has been received in the past. This includes Campus University grants and scholarships.

February 15, 1978

a) *The Financial Aid Form* must be filed with the College Scholarship Service in order to reach the Financial Aid Office by March 1. *Refer to 1976 and 1977 federal tax returns* in completing the FAF and keep a copy of the FAF for your files.

b) _____ *State Scholarship Applicants* will seriously jeopardize their chances for a _____ State award if the FAF is filed later than February 15 (new applicants) or May 1 (renewal applicants).

March 1, 1978

The Campus University Financial Aid Application (and the Financial Aid Form) are due in the Financial Aid Office.

March 1-10, 1978

Sign up in the Financial Aid Office to be considered for summer 1978 Work-Study. Students will *not* be placed on summer Work-Study jobs unless at least the FAF and Campus University Application have been received by the deadline above.

April 30, 1978

A photocopy of all pages and schedules of your parents' 1977 federal tax return (with front page signed and notarized by them) is due in the *Financial Aid Office*. Do not send this form to the College Scholarship Service. Certified copies from the Internal Revenue Service are also acceptable, but many parents have encountered delays in obtaining these. Please write the student's name, school, and year in the upper right-hand corner in order to insure proper filing.

NOTE: Parents who do not file a tax return must indicate this in writing *each year* in a *notarized* letter explaining the circumstances involved.

June 1, 1978

All copies of the Student Eligibility Report (SER) from the Basic Educational Opportunity Grant Program are due in the *Financial Aid Office* (applies only to at least half-time *undergraduates* applying for other types of federal aid).

August 1, 1978

Students who are applying for a Guaranteed Student (i.e., HELP, bank) Loan and who wish to receive a deferment of tuition or other charges because of this loan application should make sure that the Guaranteed Student Loan Application, the blue Campus University Bank Loan Form, and, if applicable (see I(B) above), the Financial Aid Form are received in the Financial Aid Office by this date. Since loan volume and staff limitations at the Financial Aid Office and the banks necessitate at least 6 weeks of processing time, many students will seek deferments of part of their first semester bill. Such deferments, however, will be given only for Guaranteed (HELP) Loan materials received by this August 1 deadline.

NOTE: State Scholarships for Students from Outside _____

Certain states allow their own state scholarship or grant funds to be used out of state (e.g., in _____). The latest information available on applying for a scholarship/grant (or *renewing* your award) from these states is as follows:

Connecticut: renewal only; request in FAF Item #81 that a copy be sent to Connecticut State Scholarship #0409.

Rhode Island: renewal only; request in FAF Item #81 that a copy be sent to Rhode Island State Scholarship #0513.

Vermont: renewals should request in FAF Item #81 that a copy be sent to Vermont State Scholarship #0597; initial applicants contact the agency directly.

Pennsylvania: renewals will be sent all materials automatically; initial applicants contact the agency directly.

New Jersey: renewals only; all materials will be sent automatically.

Delaware: only for certain majors; contact agency directly.

Washington, D.C.: only for dependents of deceased veterans; contact agency directly.

Student Financial Aid Office
Campus University

January, 1978

All *Undergraduate Independent* Financial Aid Applicants for 1978-79 are responsible for reading and following the items below:

I. Definition of an Independent Student

An independent student is one who may *not* (1) live with parents for more than 2 consecutive weeks (even if paying room and board), (2) be claimed by parents on their federal tax return, or (3) receive more than \$600 support from parents for the two calendar years within which the academic year falls (1978 and 1979) and for the prior calendar year (1977). This definition applies even if a student is currently married. Students who meet the criteria to file as independent students should *not* necessarily assume that their eligibility for financial aid is automatically improved by their independent status. Many factors are considered in analyzing both independent and dependent students and no presumptions about relative eligibility under either situation should be made.

II. Who Must File for Financial Aid for 1978-79?

Except as noted below, independent applicants for any of the aid programs listed on the front page of the attached Campus University Financial Aid Application must file (1) this application, (2) the Financial Aid Form (FAF), (3) a photocopy of the student's *complete* 1977 federal tax return signed and notarized by the student, and (4) a Campus University Statement of Financial Independence which is signed and notarized by both student and parents. In addition, all independent applicants at Campus University for 1978-79 who have *not* been previously treated as independent by the Campus University Financial Aid Office will be required to file a notarized photocopy of their parent's 1977 federal tax return by April 30, 1978 in order to provide additional documentation for their case.

Exceptions

(A) Students applying *only* for certain types of Campus University grants or scholarships (Faculty or Relative, Athletic, Honorary) must file just the Campus University Financial Aid Application with page 1 completed.

(B) Students applying for a bank loan (i.e., Guaranteed Student Loan, HELP loan, etc.) must file the blue Campus University Bank Loan Form available at the Financial Aid Office. In addition, if adjusted family income (i.e., adjusted gross income from student's federal tax return, less 10 percent of this figure, less \$750 per family member) exceeds \$25,000, a Financial Aid Form processed by the College Scholarship Service must also be filed (if student is seeking the federal interest subsidy on the loan) since a determination of need must be made by the Financial Aid Office in all such cases. See August 1 deadline information below.

III. Other Requirements or Reminders

(A) Applicants for all federal aid programs (National Direct Student Loan, Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, College Work-Study, Nursing Scholarship and Nursing Loan) are *required* by the federal government to read and sign the Affidavit on the front of the Financial Aid Application in the presence of a notary public.

(B) You will note that the Basic Educational Opportunity Grant (BEOG) section (Items 83-4) of the enclosed FAF has already been completed for you. You do *not* need to file a *separate* Basic Grant application for 1978-79. Using the FAF to apply for a Basic Grant does *not* involve any additional cost to you and insures that you will be reviewed for eligibility for the Basic Grant Program. All undergraduate applicants for federal aid are *required* by the Financial Aid Office to file for a federal Basic Educational Opportunity Grant for 1978-79 *before* they will be considered for other federal programs. *All copies* of the Student Eligibility Report (SER) which will be forwarded to you by the federal government *MUST* be returned to the Financial Aid Office, *whether or not* eligibility is shown, in order to verify that application was made. The SER must be returned to the Financial Aid Office by *June 1, 1978*. Please consult the Financial Aid Form itself for more information. If you have any questions regarding the above procedure, please see your Financial Aid Counselor.

(C) In Item 81 of the FAF, Campus University's name and code number have been stamped. If you are applying to other schools, pick up a complete CSS code list in this office.

(D) You will be considered for *only* those aid types which you check off on the front of the Campus University Financial Aid Application.

(E) You are reminded that federal regulations require *all* on-campus employment to be monitored by the Financial Aid Office and *net* earnings, waivers of tuition and/or room and board, and other types of compensation from such employment to be used as a student resource in the need analysis process. In addition, approximately 60 percent of *gross* summer Work-Study earnings are assumed to be available as a resource for the following academic year, according to federal guidelines.

(F) Students or parents who need more space for providing additional details or explaining unusual situations should simply attach an extra page to the Financial Aid Form before submitting it to the College Scholarship Service for processing.

(G) All summer mail (e.g., questions, clarifications, award letters) will be sent by the Financial Aid Office to your *home address* unless you notify us otherwise *in writing*. In addition, any changes in circumstances which significantly affect the student's or the family's financial situation (e.g., marriage, illness, summer or regular job layoff, etc.) should be forwarded in writing immediately to the Financial Aid Office.

(H) Financial Aid awards or other notification to applicants who filed on time are usually mailed in early August.

(I) All _____ State Scholarship applicants for 1978-79 are reminded that they must request that a copy of their FAF be sent to the "State of _____" (Code # _____) and complete the _____ State Scholarship section of the FAF (i.e., Item 80, which contains extra questions required by the _____ State Scholarship Program). The _____ Independent Student Supplement (enclosed) to the FAF must also be completed and forwarded to the College Scholarship Service for processing.

IV. Filing Deadlines and Other Important Dates

NOTE: ANY DOCUMENTS RECEIVED AFTER THE DEADLINES NOTED BELOW WILL BE MARKED "LATE" AND STUDENT FOLDERS WILL BE PROCESSED AFTER THE FALL SEMESTER BEGINS (NO DEFERMENTS WILL BE GRANTED IN THESE CASES). Since funding is always limited, students who file late may *reduce or eliminate* their chances of receiving assistance for 1978-79, *even if* aid has been received in the past. This includes Campus University grants and scholarships.

February 15, 1978

a) The *Financial Aid Form* must be filed with the College Scholarship Service in order to reach the Financial Aid Office by March 1. Refer to 1976 and 1977 federal tax returns in completing the FAF and keep a copy of the FAF for your files.

b) _____ State Scholarship Applicants will seriously jeopardize their chances for a _____ State award if FAF is filed later than February 15 (new applicants) or May 1 (renewal applicants).

March 1, 1978

The *Campus University Financial Aid Application*, *Financial Aid Form (FAF)* and *Campus University Statement of Financial Independence* (signed and notarized by both student and parents) are due in the *Financial Aid Office*.

March 1-10, 1978

Sign up in the Financial Aid Office to be considered for summer, 1978 Work-Study. Students will *not* be placed on summer Work-Study jobs unless at least the Campus University Application, Financial Aid Form (FAF), and Campus University Statements of Financial Independence have been received by the deadline above.

April 30, 1978

A photocopy of all pages of your 1977 tax return (with front page signed and notarized) is due in the *Financial Aid Office*. (If applicable, a notarized photocopy of your parents' 1977 federal tax return is also due. See Section II above). Do not send this form to the College Scholarship Service. Certified copies from the Internal Revenue Service are also acceptable, but many students and parents have encountered delays in obtaining these. Please write the student's name, school, and year in the upper right-hand corner in order to insure proper filing.

NOTE: Students (or parents, if applicable) who do *not* file a tax return must indicate this in writing *each year* in a notarized letter explaining the circumstances involved.

June 1, 1978

All copies of the Student Eligibility Report (SER) from the Basic Educational Opportunity Grant Program are due in the *Financial Aid Office* (applies only to at least half-time undergraduates applying for other types of federal aid).

August 1, 1978

Students who are applying for a Guaranteed Student (i.e., HELP, bank) Loan and who wish to receive a deferment of tuition or other charges because of this loan application should make sure that the Guaranteed Student Loan Application, the blue Campus University Bank Loan Form, and, if applicable (see II (B) above), the Financial Aid Form are received in the Financial Aid Office by this date. Since loan volume and staff limitations at the Financial Aid Office and the banks necessitate at least 6 weeks of processing time, many students will seek deferments of part of their first semester bill. Such deferments, however, will be given only for Guaranteed (HELP) Loan materials received by this August 1 deadline.

NOTE: State Scholarships for Students from Outside _____

Certain states allow their own state scholarship or grant funds to be used out of state (e.g., in _____). The latest information available on applying for a scholarship/grant (or *renewing* your award) from these states is as follows:

Connecticut: renewal only; request in FAF Item #81 that a copy be sent to Connecticut State Scholarship #0409.

Rhode Island: renewal only; request in FAF Item #81 that a copy be sent to Rhode Island State Scholarship #0513.

Vermont: renewals should request in FAF Item #81 that a copy be sent to Vermont State Scholarship #0597; initial applicants contact the agency directly.

Pennsylvania: renewals will be sent all materials automatically; initial applicants contact the agency directly.

New Jersey: renewals only; all materials will be sent automatically.

Delaware: only for certain majors; contact agency directly.

Washington, D.C.: only for dependents of deceased veterans; contact agency directly.

All Graduate (Dependent OR Independent) Financial Aid Applicants for 1978-79 are responsible for reading and following the items below:

I. Financial Aid Available to Graduate Students from the Financial Aid Office

The *only* aid types available to Campus University Graduates Students from the Financial Aid Office are the federal or state aid sources listed in the "Undergraduate or Graduate" column on the front page of the attached Campus University Financial Aid Application (Law Enforcement Loans or Grants are available only to *current* law enforcement personnel). Students interested in institutional funds such as Assistantships or Graduate Student Scholarships should contact the appropriate dean or department head (Law students should contact the Law School regarding application procedures for Presidential Loans/Grants).

II. Definition of an Independent Student

An independent student is one who may *not* (1) live with parents for more than 2 consecutive weeks (*even if* paying room and board), (2) be claimed by parents on their federal tax return, or (3) receive more than \$600 support from parents for the two calendar years within which the academic year falls (1978 and 1979) and for the prior calendar year (1977). This definition applies even if a student is currently married. Students who meet the criteria to file as independent students should *not* necessarily assume that their eligibility for financial aid is automatically improved by their independent status. Many factors are considered in analyzing both independent and dependent students and no presumptions about relative eligibility under either situation should be made. Students who fail to meet the above definition will be treated as dependent.

III. Who Must File for Financial Aid for 1978-79?

Except as noted below, graduate student applicants for any of the available sources cited above should file the following documents:

<i>Dependent</i>	<i>Independent</i>
1. Campus University Financial Aid Application	1. Campus University Financial Aid Application
2. Financial Aid Form (FAF) (replaces the Parents' Confidential Statement)	2. Financial Aid Form (FAF)
3. Photocopy of <i>complete</i> 1977 parents' federal tax return signed and notarized by parents.	3. Photocopy of <i>complete</i> 1977 student's federal tax return signed and notarized by student.*
	4. Campus University Statement of Financial Independence signed and notarized by <i>both</i> student and parents.

* In addition, independent applicants for 1978-79 who have *not* previously been treated as independent by the Campus University Financial Aid Office will be required to file a notarized photocopy of their *parents'* 1977 federal tax return by April 30, 1978 in order to provide additional documentation for their case.

Exception:

Students applying for a bank loan (i.e., Guaranteed Student Loan, HELP Loan, etc.) must file at least the blue Bank Loan Form available from the Financial Aid Office. In addition, if adjusted family income (i.e., adjusted gross income from parents' and/or student's federal tax returns, less 10 percent of this figure, less \$750 per family member) exceeds \$25,000, a Financial Aid Form processed by the College Scholarship Service must also be filed (if the student is seeking the federal interest subsidy on the loan) since a determination of need must be made by the Financial Aid Office in all such cases. See August 1 deadline information below.

IV. Other Requirements or Reminders

(A) Applicants for National Direct Student or College Work-Study are *required* by the federal government to read and sign the Affidavit on the front of the Campus University Financial Aid Application in the presence of a notary public.

(B) National Direct Student Loans are normally limited to a maximum (based on need) of \$2500/year for full-time students and \$1250/year for half-time students.

(C) All graduate financial aid applicants are expected by the Financial Aid Office to obtain a HELP (Guaranteed Student) Loan from a bank as part of their financial aid package and, in any case, an appropriate amount from this source (amounts may vary depending on state of residence, bank policies, student's total debt, etc.) is *included* as a student resource in the analysis of the student's need. Students should begin the HELP application process early but, since the availability of National Direct Student Loans and College Work-Study at Campus University changes from year to year, students *may* wish to wait until they receive their financial aid award(s) (if any) from Campus University *before* making a *final commitment* to a bank for a HELP Loan (i.e., *before using* their HELP Loan check for their educational expenses).

(D) You will be considered for *only* those aid types which you check off on the front of the Campus University Financial Aid Application.

(E) You are reminded that federal regulations require *all* on-campus employment to be monitored by the Financial Aid Office and *net* earnings, waivers of tuition and/or room and board, and other types of compensation from such employment used as a student resource in the need analysis process. In addition, approximately 60 percent of gross summer Work-Study earnings are assumed to be available as a resource for the following academic year, according to federal guidelines.

(F) On Item 81 of the Financial Aid Form, please include the name and code number of the institution(s) to which you want the FAF sent. Campus University's code is _____. Also, please note that the Graduate and Professional School Financial Aid Service (GAPS FAS) form is *not* used by the Financial Aid Office. Only the FAF will be accepted.

(G) Students or parents who need more space for providing additional details or explaining unusual situations should simply attach an extra page to the FAF before submitting it to the College Scholarship Service for processing.

(H) Students whose parents operate a business or farm should file Supplement A or B along with the FAF. This supplement is available in the Financial Aid Office.

(I) All summer mail (e.g., questions, clarifications, award letters) will be sent by the office to your *home address* unless you notify us otherwise *in writing*. In addition, any changes in circumstances which significantly affect the student's or the family's financial situation (e.g., marriage, illness, summer or regular job layoff, etc.) should be forwarded in writing immediately to the Financial Aid Office.

(J) Financial Aid Awards or other notifications to applicants who filed on time are usually mailed in *August*.

V. Filing Deadlines and Other Important Dates

NOTE: ANY DOCUMENTS RECEIVED AFTER THE DEADLINES NOTED BELOW WILL BE MARKED "LATE" AND STUDENT FOLDERS WILL BE PROCESSED AFTER THE FALL SEMESTER BEGINS (NO DEFERMENTS WILL BE GRANTED IN THESE CASES). Since funding is always limited, students who file late may *reduce or eliminate* their chances of receiving assistance for 1978-79, even if aid has been received in the past.

February 15, 1978

The Financial Aid Form must be filed with the College Scholarship Service in order to reach the Financial Aid Office by March 1. Refer to 1976 and 1977 federal tax returns in completing the FAF and keep a copy for your files.

March 1, 1978

The *Campus University Financial Aid Application*, *Financial Aid Form* and, if applicable, *Campus University Statement of Financial Independence* (signed and notarized by both student and parents) are due in the Financial Aid Office.

March 1-10, 1978

Sign up in the Financial Aid Office to be considered for summer 1978 Work-Study. Students will *not* be placed on summer Work-Study jobs unless at least the Campus University Financial Aid Application, the Financial Aid Form, and, if applicable, the Campus University Statement of Financial Independence have been received by the deadline above.

April 30, 1978

A photocopy of all pages of your parents' (or your) 1977 federal tax return (with front page signed and notarized) is due in the Financial Aid Office. (If applicable, a notarized photocopy of your parents' 1977 federal tax return is also due. See Section III above). Do not send this form to the College Scholarship Service. Certified copies from the Internal Revenue Service are also acceptable, but many students and parents have encountered delays in obtaining these. Please write the student's name, school, and year in the upper right-hand corner in order to insure proper filing.

NOTE: Students (or parents, if applicable) who do *not* file a tax return must indicate this in writing *each year* in a notarized letter explaining the circumstances involved.

August 1, 1978

Students who are applying for a Guaranteed Student (i.e., HELP) Bank Loan and who wish to receive a deferment of tuition or other charges because of this loan application should make sure that the Guaranteed Student Loan Application, the blue Campus University Bank Loan Form, and, if applicable (see III (Exception)), the Financial Aid Form are received in the Financial Aid Office by this date. Since loan volume and staff limitations at the Financial Aid Office and the banks necessitate at least 6 weeks of processing time, many students will seek deferments of part of their first semester bill. Such deferments, however, will be given only for Guaranteed (HELP) Loan materials received by this August 1 deadline.

STUDENT FINANCIAL ASSISTANCE AUTHORIZATION

Budget _____ Family Contribution _____

Need _____

Date Awarded _____

Year Awarded _____

Social Security # _____

School _____

Class _____

AID	SOURCE/TYPE	First Semester	Second Semester	Total	Adjustment
██████████ SCHOLARSHIP					
██████████ GRANT IN AID					
██████████ GRANT IN AID					
BASIC EDUCATIONAL OPPORTUNITY GRANT					
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT					
NURSING SCHOLARSHIP PROGRAM					
NATIONAL DIRECT STUDENT LOAN (Negotiate in ██████████)					
NURSING STUDENT LOAN (Negotiate in ██████████)					
SUMMER STUDENT EMPLOYMENT					
TERM STUDENT EMPLOYMENT					
STATE SCHOLARSHIP					
GUARANTEED INSURED (BANK, HELP) LOAN					
OTHER SCHOLARSHIP OR AID					
OTHER SCHOLARSHIP OR AID					
TOTAL AID AWARDED					

z 46691

TREASURER'S COPY

ACCEPTANCE SHEET

Budget _____ Family Contribution _____

Need _____

Date Awarded _____

Year Awarded _____

Social Security # _____

School _____

Class _____

The following information is necessary for completion of our Federal Civil Rights Compliance Report. Check appropriately.

I am	For the coming year I will attend	I will be a	I will be attending
White	☐ A & S	☐ Fresh	☐ Full Time
Black	☐ SOM	☐ Soph	☐ Part Time
Oriental	☐ Educ	☐ Jr.	
Spanish —	☐ Nurs (undergrad)	☐ Sr.	I will be a
Surnamed	☐ Eve	☐ Grad. 1st	☐ Resident
American	☐ Grad A & S (incl. Grad)	☐ Grad. 2nd	☐ (Housing)
Indian	☐ Ed. & Grad Nursing)	☐ Grad. 3rd	☐ Resident
Other	☐ Law	☐ Other (specify)	☐ (Other Housing)
	☐ Soc. Work		☐ Commuter (Living with Parents)
	☐ Grad SOM		

1. For the coming year, I will receive or expect to receive financial assistance from:

Source

State Scholarship _____ \$ _____

Rehabilitation Commission _____ \$ _____

Traineeship _____ \$ _____

Bank Loan _____ \$ _____

ROTC/G.I./or Social Security _____ \$ _____

Other Local or Private Scholarship _____ \$ _____

2. I feel that the total of my resources and financial aid awards will equal ☐ , be less than ☐ , exceed ☐ my need for the coming year.

3. I have read and understand the terms of this award notice & and the yellow instruction sheet and (check one):

I accept the aid awarded to me by _____ and agree to negotiate my loans (if any) in _____ during the appropriate times. ☐I accept the aid but with the reductions noted below in the column marked "Adjustment". ☐

Signature _____

Date _____

AID	SOURCE/TYPE	First Semester	Second Semester	Total	Adjustment
_____ SCHOLARSHIP					
_____ GRANT IN AID					
_____ GRANT IN AID					
BASIC EDUCATIONAL OPPORTUNITY GRANT					
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT					
NURSING SCHOLARSHIP PROGRAM					
NATIONAL DIRECT STUDENT LOAN (Negotiate in _____)					
NURSING STUDENT LOAN (Negotiate in _____)					
SUMMER STUDENT EMPLOYMENT					
TERM STUDENT EMPLOYMENT					
STATE SCHOLARSHIP					
GUARANTEED INSURED (BANK, HELP) LOAN					
OTHER SCHOLARSHIP OR AID					
OTHER SCHOLARSHIP OR AID					
TOTAL AID AWARDED					

z46691

SIGN AND RETURN THIS FORM WITHIN ONE WEEK OF THE ABOVE DATE

FINANCIAL AID AWARD LETTER

Budget _____ Family Contribution _____

Need _____

Date Awarded _____

Year Awarded _____

Social Security # _____

School _____

Class _____

It is a pleasure to inform you that you have been awarded financial assistance by _____ or other sources for the coming academic year as indicated below. It is very important that you complete, sign and return the attached pink acceptance sheet (if enclosed) indicating your acceptance of the aid awarded within one week of the above date. If the pink sheet has not been enclosed, you may simply keep this yellow copy for your files.

VERY IMPORTANT: THE INSTRUCTIONS REGULATING THE AWARDS LISTED BELOW ARE ATTACHED ON THE BACK PAGE OF THIS AWARD LETTER. READ THEM CAREFULLY. FAILURE TO COMPLY WITH THESE INSTRUCTIONS WILL LEAD TO A LOSS OF PART OR ALL OF YOUR FINANCIAL AID. PLEASE NOTE THAT LOANS MUST BE NEGOTIATED DURING TWO SPECIFIC PERIODS AT THE BEGINNING OF EACH SEMESTER IN THE LOAN OFFICE. LOANS NOT NEGOTIATED DURING THIS TIME WILL BE CANCELLED.

AWARDS ARE SUBJECT TO ADJUSTMENT AT ANY TIME DUE TO CHANGES IN STUDENT NEED AS WELL AS CHANGES IN GOVERNMENT, STUDENT, OR OTHER FUNDING. STUDENTS ARE EXPECTED TO REPORT APPARENT INACCURACIES IN AID AMOUNTS OR OTHER INFORMATION APPEARING ON THIS AWARD LETTER OR OTHER FINANCIAL AID OFFICE DOCUMENTS.

If your bill does not reflect all aid granted to you, check with the Financial Aid Office both in writing and in person so that our records may be verified. If not done during the fiscal year in which the award was made we cannot be responsible for that aid being credited to your account. NOTE: A loan will not be credited until you negotiate it (see section VI, no. 4 & 5).

AID	SOURCE/TYPE	First Semester	Second Semester	Total	Adjustment
_____ SCHOLARSHIP					
_____ GRANT IN AID					
_____ GRANT IN AID					
BASIC EDUCATIONAL OPPORTUNITY GRANT					
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT					
NURSING SCHOLARSHIP PROGRAM					
NATIONAL DIRECT STUDENT LOAN (Negotiate in _____)					
NURSING STUDENT LOAN (Negotiate in _____)					
SUMMER STUDENT EMPLOYMENT					
TERM STUDENT EMPLOYMENT					
STATE SCHOLARSHIP					
GUARANTEED INSURED (BANK, HELP) LOAN					
OTHER SCHOLARSHIP OR AID					
OTHER SCHOLARSHIP OR AID					
TOTAL AID AWARDED					

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STUDENT'S COPY (SEE ATTACHED INSTRUCTION SHEET)

INSTRUCTION SHEET

I. GENERAL PROVISIONS

The following applies to all awards (READ CAREFULLY)

1. No award will be credited to your account until the attached pink copy is completed, signed and returned to the Financial Aid Office. Special instructions for each type of award must also be followed (see below).
2. Most aid is granted for one academic year only. Aid for subsequent years will be granted only if new applications, tax returns and Confidential Statements are filed. Applications may be picked up in the Financial Aid Office in December each year. Some scholarships and grants are awarded on a four year consecutive basis. Unless this is clearly stated in the award letter, renewal applications are required along with the other documents mentioned above.
3. Only one-half of the total amount of each award can be credited to the student's account each semester.
4. Aid received from outside sources must be reported to the Financial Aid Office. This may require an adjustment in either the total amount or kind of aid provided by the university and, if so, this adjustment will normally be made after the University has received the outside funds.
5. Withdrawal by a student before completion of the entire academic year will result in a *pro rata* adjustment of his award based on the University's refund policy.
6. Since the amount of financial aid a student receives is determined primarily by the financial situation of the student and his family, any sudden change in the financial situation of either should be reported to this office in writing. Adjustments to aid based on increases or decreases in need may be made based on the circumstances involved.
7. Current Federal regulations require that the Financial Aid Office count as a direct student resource (a) 80% of gross summer Work-Study Earnings, (b) all regular on-campus employment during the academic year (including resident assistants, food service workers, and all other on-campus departments) and (c) the total amount of Guaranteed Insured (bank, HELP) loans which are classified as Type II or Type III (i.e., loan amount over \$2,000 and/or adjusted family income over \$15,000).
8. Please consult the Student Guide, the [redacted] or other campus publications for financial aid dates and other important information.

II. [redacted] (Undergraduate)

A. Scholarships

1. Scholarship recipients, in addition to maintaining need, are expected to maintain high standards of academic achievement and decorum.
2. The Scholarship Committee will review the records of scholarship recipients at the end of each academic year to determine eligibility for renewal. Scholarships may be revoked if the recipient's cumulative average falls below 2.5, if the student fails a course or withdraws from a course without permission, or if he is responsible for a serious breach of discipline.

B. Grants-In-Aid

This financial award is based on need and on special considerations other than academic and will be renewed as long as those special conditions prevail.

Active participation in the appropriate sport is expected of those awarded Athletic Grants-In-Aid.

III. BASIC EDUCATIONAL OPPORTUNITY GRANT (Undergraduate)

This is a new Federal program and currently requires a separate application which is free and can be picked up in the Financial Aid Office. If funded fully by the government, it will provide to all eligible students a grant of \$1400 minus the family contribution which is computed on the basis of parental and student income and assets. All undergraduate federal aid applicants are required to apply.

IV. SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (Undergraduate)

Under the Federal Educational Opportunity Grant Program, the University awards federal funds to undergraduate students who fall into certain need categories.

This type of aid does not have to be repaid, but the Federal Government does stipulate that recipients of such grants receive an equal amount of funding in the form of certain specified aid from University, Federal, State or outside sources.

For this reason, SEOG's are always packaged with at least an equal amount of some other eligible aid type.

If you have any questions concerning matching awards, consult the Financial Aid Office immediately. SEOG's must be matched with other eligible aid or will be cancelled.

V. NURSING SCHOLARSHIP (Undergraduate and Graduate)

This type of aid is based on need, does not have to be repaid, and unlike the previous program, does not have to be matched by other aid. This type of aid is made available under the Federal Nurses' Training Act.

VI. NATIONAL DIRECT STUDENT LOAN (Undergraduate and Graduate)

Loan awards are made to students under the provisions of the National Defense Education Act. IF A LOAN IS NOT NEGOTIATED IN ACCORDANCE WITH THE INSTRUCTIONS BELOW, IT WILL BE CANCELLED AND RE-AWARDED TO ANOTHER APPLICANT.

1. The student must *endorse a student loan voucher* each semester before his loan award is credited to his account. This must be done in person in [REDACTED] with a representative of the loan office.
2. *One-half* of the loan award must be signed for each semester *within* the periods specified below. Failure to do so will result in automatic cancellation of the loan. The loan office may allow students to negotiate both semesters in the fall.
3. If a student wishes to *reduce his loan*, he must: *first*, notify the Financial Aid Office; *second*, sign for *one-half* the *reduced amount* each semester.
4. Students must sign for the first half of their loans during the first week of undergraduate classes. The Loan Office, [REDACTED], is open from (9-11:30 and 1-4:30) Monday through Friday. Students are responsible for consulting the Financial Aid Office or other sources as to the exact dates.
5. Students must sign for the second half of their loans during the first week of undergraduate classes for the second semester (see 4 above).
6. Reminders of dates for negotiating the loan will usually be posted on bulletin boards or carried in the [REDACTED] Student Guide, or other publications. Final responsibility for obtaining this information rests with the student.
7. Students who find after receiving this notice that they will not need the loan, or who wish to reduce the loan to a lesser amount, must notify the Financial Aid Office immediately, as other students will be awaiting assistance from this source.

VII. NURSING STUDENT LOAN (Undergraduate and Graduate)

This type of loan is made available under the Nurses' Training Act. It should be negotiated by following the same procedure outlined for students negotiating National Direct Loans (Section VI). The dates are the same as National Direct (Section VI, No. 4 & 5).

VIII. COLLEGE WORK-STUDY OR OTHER EMPLOYMENT (Undergraduate and Graduate)

- N.B. Work-Study assignments will be made only after a PERSONAL INTERVIEW which you must arrange through the Financial Aid Office by calling for an appointment.

The Federally-supported College Work-Study Program provides students with jobs that will help them pay their college expenses. A student's eligibility depends upon his need for employment to defray his college expenses, as determined by the Parents' Confidential Statement and tax return.

Students may work for the college or an approved off-campus agency. Earnings will depend upon hours and wage rates which are determined in accordance with the College Work-Study Program. *Payments are made on a weekly basis to students and are not available in a lump sum for the purpose of paying tuition bills.*

Jobs supported entirely by the university are also available for students who may not be eligible for other types of assistance.

During the summer or other vacation periods when they do not have classes, students may work full-time (up to 40 hours per week) under the College Work-Study Program. Incoming Freshmen, graduate or transfer students may work the summer before they enter, once they have been accepted for admission. Incoming freshmen must make an appointment with the Financial Aid Office no later than May 15 should they wish to work during the summer under the College Work-Study Program.

Students employed under the College Work-Study Program while school is in session may work only up to 20 hours per week.

- N.B. A student who has worked during any period (summer, fall, spring) must be *re-authorized* by the Financial Aid Office for each additional period.

Filing Deadline: March 1, 1978

Office of Financial Aid
Statement of Financial Independence
1978-79

This form is required *each* year from every student claiming to be independent of his/her family in applying for financial assistance. Please print all information clearly.

STUDENT: Please complete the first section of this form, sign your name and have your signature notarized, and give it to your parents or guardians to complete the other side, including notarized signature.

Social Security No. _____ - _____ - _____ School _____ Year _____ Age _____

Name: Last _____ First _____ Middle _____

Permanent Legal Address _____

College/Temporary Address _____

When (month/year) did you last receive financial assistance from your parents? _____

Amount you received? _____ How did you use it? _____

When did you last live with your parents? From (month/year) _____ To (month/year) _____

Do you customarily live with your parents during the academic year? _____

School vacations? _____ Summer vacations? _____

Do/did you pay room and board to your parents? _____ if so, how much? _____

per _____ Over what period? From (month/year) _____ To (month/year) _____

For what tax (i.e., calendar) year were you last claimed as a dependent for tax purposes? _____

By whom? _____

What is the exact amount of federal income tax (withholding and additional payment)

you paid for: 1977 \$ _____ 1976 \$ _____ 1977 Refund \$ _____

How many exemptions did you claim for 1977? _____ 1976? _____

I certify that the above statements are true and accurate to the best of my knowledge.

I agree to notify the Director of Financial Aid in writing if any changes occur.

Student's Signature _____

(Sign only in presence of Notary)

Date _____

(SEAL)

Subscribed and sworn before me this _____ day
of _____, 19 _____

My commission expires: _____

Signature of notary _____

Address of notary _____

(Over)

PARENTS or GUARDIANS:

Do you intend to aid the applicant with educational expenses and/or support for the coming academic year (1978-79)? _____

Are you aiding the applicant with educational expenses and/or support for the current academic year (1977-78)? _____

Your name: Last _____ First _____ Middle _____

Permanent Legal Address _____

Occupation _____ Relationship to Applicant _____

Give the name, address, occupation and relationship to applicant of any other living parent or step-parent of applicant: _____

Did you claim the applicant as a federal income tax exemption for 1977? _____ 1976? _____

When was the last tax (i.e., calendar) year for which you claimed the applicant as a federal income tax exemption? _____

Who will claim him/her for the 1977 tax year? _____

When (month/year) did the applicant last receive some support from you? _____

How much? _____ For what purpose? _____

When did the student last live with you during the academic year? _____

Does he/she customarily live with you during the academic year? _____

School vacations? _____ Summer vacations? _____

Does/did the student pay room and board to you? _____ If so, how much? _____ per _____

Over what period? From (month/year) _____ To (month/year) _____

What family or personal funds will be available during 1978-79 for the applicant's living expenses or tuition? (Specify source and amount) _____

Explain on an attached sheet any special family circumstances that make it difficult or impossible for you to aid the applicant. Please remember all information is confidential.

I certify that the information the applicant and I have provided is true and accurate to the best of my knowledge. I am aware that the information given constitutes in part an application for federal funds, so that I may be liable under federal law for material omissions, or false or misleading information. Further, I agree to furnish on request an official photostatic copy of my latest federal income tax return obtained from the appropriate district office of the United States Internal Revenue Service.

Parent's Signature _____
(Sign only in presence of Notary)

Date _____

(SEAL)

Subscribed and sworn before me this _____ day
of _____, 19 _____

My commission expires: _____

Signature of Notary: _____

Address of Notary: _____

FINANCIAL AID TRANSCRIPT

INSTRUCTIONS: A financial aid applicant who has previously attended another postsecondary school, college, or university must submit the Financial Aid Transcript to document financial aid received at the previous school. The applicant should complete Section A and forward the form to the Student Financial Aid Office at the previous school. A separate transcript must be completed for each school previously attended.

SECTION A: To be completed by the student

Name _____ Last _____ First _____ Initial _____ Maiden _____ Social Security Number _____

I authorize the Student Financial Aid Office at _____, which I
attended from _____ month/year to _____ month/year, to provide the information requested in Section B to the
institution addressed below:

Student's Signature

Street Address

City State Zip

Date

Fold here for use in window envelope

SECTION B: To be completed by the Student Financial Aid Office at the previous school and returned to the institution addressed above

- ☐ The student received no financial aid from this school.
☐ Not eligible ☐ Did not apply ☐ Funds not available ☐ Other (explain) _____
☐ The student received the following aid:

Sources of Assistance			Years and Dollar Amounts Received				
	No. Semesters	No. Quarters	19__ 19__ Amount	19__ 19__ Amount	19__ 19__ Amount	19__ 19__ Amount	19__ 19__ Amount
BEOG							
SEOG: Initial							
Continuing							
NDSL							
GSL/FISL							
Other Loans (identify each, include LEEP, Nursing, Health Professions funds)							
Other Aid (identify each, include LEEP, Nursing, Health Professions grants)							
The student was evaluated as			☐ dependent	☐ independent	☐ unmarried	☐ married	

- ☐ The student received benefits or assistance from the following sources in his/her last term at this school:
☐ G.I. Bill ☐ V.A. ☐ Social Security ☐ Welfare ☐ Vocational Rehabilitation ☐ Other (identify) _____
☐ Financial aid records for the student no longer available.
☐ Comments _____

Financial Aid Administrator's Name

Signature

Title

Institution

() Telephone

Address

City

State

Zip

Date

THIS IS THE ONLY NOTICE YOU WILL RECEIVE

Dear Student:

Your financial aid application is *not* complete. The items checked below are still missing, or the information is incomplete. We cannot consider you for any aid unless we receive these materials within *ten* days of the above date (unless other deadlines are specified below).

MISSING ITEMS

- | | |
|---|---|
| () Campus University Financial Aid Application (notarized) | () *Parents' <i>complete</i> 1977 Federal Income Tax Return (Form 1040 or 1040A, notarized) |
| () Financial Aid Form (FAF) (including parent section ())** | () *Student's <i>complete</i> 1977 Federal Income Tax Return (Form 1040 or 1040A, notarized) |
| () Student () Parent section of Statement of Independence (notarized) | () Your Student Eligibility Report (SER) from the BEOG Program (June 1 deadline) |
| () Other _____ | |

* The deadline for tax returns is April 30. If your parents or you (whichever applies) do not file a tax return (Form 1040 or 1040A) please send a *notarized* letter to our office explaining why. This must be done *each* year.

** Your FAF is not on file. Please send us a work-sheet copy along with *verification* (copy of canceled check or CSS Acknowledgement Form) that the FAF has been filed. Also, contact the College Scholarship Service at Princeton/Berkeley immediately to clear up this matter.

- () We cannot consider you as an independent student under the guidelines governing our federal programs and, therefore, must request () parent financial information on the FAF () a notarized copy of parents' 1977 Federal Income Tax Return (Form 1040 or 1040A).
- () You have not been considered independent by Campus University before and thus we require a notarized photocopy of your parents' 1977 Federal Income Tax Return (Form 1040 or 1040A) as further documentation for your case.
- () One of the forms required for application processing for 1978-79 is a complete notarized photocopy of the 1977 Federal Income Tax Return (Form 1040 or 1040A). Instead, we received your W-2 form, which is enclosed. You will not be considered for financial aid until the correct form (Form 1040 or 1040A) is received.
- () We are requesting a copy of your 1977 notarized tax return (Form 1040 or 1040A), not 1976.
- () Would you please have your tax return (Form 1040 or 1040A) *notarized* and returned to our office immediately.
- () We have been unable to determine the name of the Campus University student for whom this tax return (Form 1040 or 1040A) has been submitted. Please put the student's name and social security number in the upper right-hand corner and return it to this office immediately.
- () Other: _____

NOTE: Please contact this office (and the Registrar) if you have a change of address.

Student Financial Aid Office
Campus University

Dear Student:

We strongly urge you to complete your financial aid application immediately. However, even if you are able to comply with this request, our workload will not, in all probability, permit us to review your file until *after* the beginning of first semester.

Since you will be responsible for paying your *entire* first semester bill prior to registration and since no payment deferments will be granted by this office to students who filed late, we suggest that you obtain a loan at a local bank if you anticipate difficulty in financing your education for part or all of the coming academic year. You may also be interested in knowing that all late applications are analyzed using the budget for the entire 1975-76 academic year and thus, if we are able to make an award to you based on the funds available, the first semester portion of this award may be refunded to you, since your bill will already have been paid.

If you have any questions or if you wish to bring any additional information to our attention, please contact this office immediately.

Very truly yours,

The Committee on Financial Aid

Missing Items

- _____ Campus University Application
- _____ PCS (Send work-sheet copy to our office)
- _____ SFS (Send work-sheet copy to our office)
- _____ Parents' 1974 Federal Income Tax Return (notarized photocopy)
- _____ Student's 1974 Federal Income Tax Return (notarized photocopy)
- _____ Statement of Independence
- _____ BEOG (Student Eligibility Report)
- _____ Other _____

Student Financial Aid Office
Campus University

Please Post the Enclosed 1978-79 Dates and Deadlines for Reference During the Year

Dear Student:

Enclosed is your award letter for 1978-79. We wish to remind you of the following:

a) The enclosed pink Acceptance Sheet *MUST* be signed and returned within *one* week of its receipt or the award cannot be properly credited to your account.

b) National Direct Student Loans, Nursing Student Loans, and Law School Loans *MUST* be signed for in the Loan Office before they can be credited to your account. See dates for signing on the enclosed letter. Loans not signed during the dates provided will be *canceled*.

c) All aid awarded by the Financial Aid Office is subject to increase or decrease due to receipt by you of aid or earnings from other sources, changes in federal or other allocations to Campus University, etc. Students are required to report all outside aid received to the Financial Aid Office as soon as it has been confirmed. Likewise, students are encouraged to notify the Financial Aid Office when anticipated sources of aid (e.g., summer jobs, bank (HELP) loans, outside scholarships, etc.) do not materialize.

d) Students who are on summer Work-Study are reminded that federal regulations now require this office to use 60 percent of gross summer Work-Study earnings as a student resource in calculating the student's need for 1978-79.

e) Students who have obtained or will obtain a Guaranteed Student Loan (HELP) at a bank or other lending institution should be aware of the following federal regulations:

Type I loan — When the adjusted family income is \$25,000 or less, the loan amount may still be treated as a substitute for the family contribution except for the excess (if any), which must be treated as a direct student resource.

Type II loan — When the adjusted family income exceeds \$25,000, the entire loan must be counted as a direct student resource.

Loan maximums — undergraduates — \$2,500/year; \$7,500/total
graduate students — \$5,000/year; \$15,000/total

Adjustments to Campus University awards in all cases above will be made (or have been made) as necessary.

f) All students are reminded that again during the 1978-79 academic year federal regulations require that the Financial Aid Office monitor all regular student employment on campus (including resident assistants, assistantship recipients, food service employees, employees in academic and other departments, etc.) as well as on-campus and off-campus Work-Study. Earnings from all such employment must be counted in the student's need calculation and adjustments made during the year to the student's financial aid package if this employment causes need to be exceeded.

g) Campus University and Federal Regulations require that a student be in good standing and making satisfactory progress in the course of study he/she is pursuing in order to be eligible to receive institutional and federal funds.

In addition to the above reminders, one or more of the following paragraphs *may* be checked to give you further information on your status at this time. If no paragraphs are checked, please feel free to inquire in this office in *early* September.

1. () We have awarded you as much aid as possible out of the available programs. In addition to the aid noted on the attached award letter, you may be eligible for term Work-Study. Please complete the enclosed sign-up cards and return them by *Friday, August 11* if you are interested in Work-Study employment. In addition, contact the Student Employment Office *September 5-12* for information on job placement procedures. Students who do not return the enclosed sign-up cards by *August 11* will not be considered for Work-Study.
2. () Because you have not yet returned to us your Student Eligibility Report (SER) for the Basic Educational Opportunity Grant Program, and in order to facilitate your registration in September, the enclosed award letter contains a *tentative first semester award*. Your first semester award will be confirmed and your second semester award made as soon as you submit your SER to this office. Second semester aid will *not* be awarded if SER's are not submitted by *November 1, 1978*.
3. () You applied for term Work-Study but are either not eligible or our limited funds prevent us from awarding Work-Study to students in your need category. If your financial circumstances change during the year, please feel free to contact this office.
4. () Other _____

Sincerely,

The Committee on Financial Aid

Student Financial Aid Office
Campus University

Please Post the Enclosed 1978-79 Dates and Deadlines for Reference During the Year

Dear Student:

Your application for financial aid for 1978-79 has been carefully reviewed and one or more paragraphs have been checked below to indicate your specific status at this time.

1. () We are unable to assist you from the program(s) for which you applied (Campus University Scholarship or Grant, Work-Study, etc.) due to limited funds and your need relative to that of other applicants. You are eligible for assistance, however, from the National Direct Student Loan Program and if you are interested you **MUST fill out the form below** and return it within **one week** of the date of this letter.
2. () You are eligible to be considered for term Work-Study. Please complete the enclosed sign-up cards and return them by **Friday August 11** if you are interested in Work-Study employment. In addition, contact the Student Employment Office **September 5-12** for information on job placement procedures. Students who do not return the sign-up cards on time will not be considered for Work-Study.
3. () In addition to Work-Study, mentioned above, you *may* be eligible for some assistance from the National Direct Student Loan Program, and if interested, you **MUST fill out the form below** and return it within **one week** of the date of this letter.
4. () We suggest that you look into the Guaranteed Student (HELP) Loan Program at local banks if you feel that further assistance will be necessary (but see item c below).
5. () Other _____

Please feel free to contact this office if you have questions on any of the above or if there is a significant change in your financial situation for the coming year.

Sincerely,

The Committee on Financial Aid

All Students Please NOTE:

a) Students are reminded that they are required to report all outside aid received to the Financial Aid Office as soon as it has been confirmed. Likewise, students are encouraged to notify the Financial Aid Office when anticipated sources of aid (e.g., summer jobs, bank (HELP) loans, outside scholarships, etc.) do *not* materialize.

b) Students who are on Summer Work-Study are reminded that federal regulations now require this office to use 60 percent of gross summer Work-Study earnings as a student resource in calculating the student's need for 1978-79.

c) Students who have obtained or will obtain a Guaranteed Student (HELP) Loan at a bank or other lending institution are hereby notified that federal regulations now require all such loans for students whose adjusted family income is over \$25,000 be counted by the Financial Aid Office as a direct student resource rather than as a substitute for the family contribution. Loans for students whose adjusted family income is \$25,000 or less, however, may still be treated as a substitute for the family contribution except for the excess (if any) of such loan over the family contribution. Adjustments to Campus University awards in all cases above will be made as necessary.

d) All students are reminded that again during the 1978-79 academic year federal regulations require that the Financial Aid Office monitor all regular student employment on campus (including resident assistants, assistantship recipients, food service employees, employees in academic and other departments, etc.) as well as on-campus and off-campus Work-Study. Earnings from all such employment must be counted in the student's need calculation and adjustments must be made during the year to the student's financial aid package if this employment causes need to be exceeded.

e) Campus University and federal regulations require that a student be in good standing and making satisfactory progress in the course of study he/she is pursuing in order to be eligible to receive institutional and federal funds.

TO: Financial Aid Office

FROM: Name _____ SS# _____ School _____ Class _____

Yes, I am interested in being considered for a National Direct Student Loan in the amount of \$_____.
I understand that my loan award will be as large as possible based on my need, available funds, NDSP regulations, etc.

Return to: Financial Aid Office

Student Financial Aid Office
Campus University

Please Post the Enclosed 1978-79 Dates and Deadlines for Reference During the Year

Dear Student:

Your application for financial aid for 1978-79 has been carefully reviewed. Unfortunately, we will be unable to grant your request at this time. This is due to a number of factors, such as limitations on the amount of funds available, increases in the number of applicants for these funds, your need relative to that of other students, etc.

Your application, nevertheless, will be kept on file for the 1978-79 academic year and, if you so request, will be reviewed in the light of changing circumstances (i.e., supplemental funds received by the Financial Aid Office, increased personal need, etc.).

Students not assisted through Campus University may meet the eligibility requirements for Guaranteed Student (HELP) Loans. You should contact the loan office of a bank, credit union, savings and loan association, or other lending institution in your community regarding this type of loan. Interest rates and repayment terms are similar to those provided under the National Direct Student Loan Program.

Please feel free to contact this office if you have any questions or if there is a significant change in your financial situation for the coming year.

Very truly yours,

The Committee on Financial Aid

NOTE:

a) Students are reminded that they are required to report all outside aid received to the Financial Aid Office as soon as it has been confirmed. Likewise, students are encouraged to notify the Financial Aid Office when anticipated sources of aid (e.g., summer jobs, bank (HELP) loans, outside scholarships, etc.) do not materialize.

b) Students who are on summer Work-Study are reminded that federal regulations now require this office to use 60 percent of gross summer Work-Study earnings as a student resource in calculating the student's need for 1978-79.

c) Students who have obtained or will obtain a Guaranteed Student (HELP) Loan at a bank or other lending institution are hereby notified that federal regulations now require all such loans which are of Type II or Type III (i.e., loan amount over \$2000 and/or adjusted family income over \$15,000) to be counted by the Financial Aid Office as a direct student resource rather than as a substitute for the family contribution. Type I loans (loan amount \$2000 or less and adjusted family income \$15,000 or less), however, may still be treated as a substitute for the family contribution. Adjustments to Campus University awards in all cases above will be made as necessary.

Student Financial Aid Office
Campus University

Dear Student:

Your application for Financial Aid for the 1977-78 academic year has been carefully reviewed. Unfortunately, it does not appear that we will be able to grant your request this year for the reason noted below:

- () Student has withdrawn.
- () Student has taken a leave of absence.
- () Student has received other financial assistance.
(Source: _____)
- () Student was previously withdrawn or on leave of absence and notice of Re-Admission has not yet been received by the Financial Aid Office.
- () Other _____

We hope you will feel free to reapply for aid if there should be any change in these circumstances.

Very truly yours,

The Committee on Financial Aid

Student Financial Aid Office
Campus University
Financial Aid Dates and Deadlines for 1978-79

The following are important financial aid dates and deadlines for the 1978-79 academic year. We feel that it will be helpful to you if you keep these dates available and refer to them as necessary during the coming year.

1978	
May 1-12	Incoming freshmen and transfer students who have been approved for Summer Work-Study should contact the Financial Aid Office for placement.
June 1	The 1978-79 Student Eligibility Report (SER) (all three copies) from the Basic Educational Opportunity Grant Program is due in the (Freshman) Financial Aid Office.
August 28- September 15 (except Sept. 4th, Labor Day)	National Direct Student Loan, Nursing Student Loan and Law School Loan negotiations in the Student Loan Office. Loans must be signed for (negotiated) in order to be applied to your account. Those not signed for are forfeited. The signing and returning of the student copy of the Award Letter does <i>not</i> constitute signing for the loan.
Sept. 5-15	Sign up in Financial Aid Office to be considered for first semester Work-Study waiting list (applies to students who were not already awarded Work-Study as part of their aid package).
November 1	A. Late applications for 1978-79 (second semester awards only) are due in the Financial Aid Office. B. The 1978-79 Student Eligibility Report (SER) from the Basic Educational Opportunity Grant Program is due in the Financial Aid Office in the case of any student who received a tentative first semester award for 1978-79 pending receipt of a valid SER.
December 11-15	Sign up in Financial Aid Office to be considered for second semester Work-Study (applies only to students who do not already have a Work-Study job).
December 11	Applications will be available in the Financial Aid Office for the 1979-80 academic year and must be returned by March 1, 1979.
1979	
January 16-19	National Direct Student Loan, Nursing Student Loan, and Law School Loan negotiations (second semester awards) in the Student Loan Office. Loans must be signed for (negotiated) in order to be applied to your account. Loans not signed for are forfeited. The signing and returning of the student copy of the Award Letter does <i>not</i> constitute signing for the loan.
February 15	All students applying for financial aid for 1979-80 should have sent their Financial Aid Form (FAF) to the College Scholarship Service for processing by this date to insure its arrival in the Financial Aid Office by March 1, 1979. Students applying for a Basic Educational Opportunity Grant or (in some states) a state scholarship may use the FAF for these programs as well.
March 1	1979-80 Campus University Financial Aid Application, Financial Form (FAF) and (for independent students) Statement of Independence are due in the Financial Aid Office.
March 1-9	Sign up in the Financial Aid Office to be considered for Summer Work-Study. The Campus University Financial Aid Application and FAF for 1979-80 must have already been received by the Financial Aid Office.
April 30	Notarized photocopies of the <i>entire</i> 1978 Federal Income Tax Return (Form 1040 or 1040A) are due in the Financial Aid Office. If the parent(s) or student (whichever applies) do not file a tax return, a notarized letter explaining why must be submitted to the Financial Aid Office.
1979-80	
June 1	The 1979-80 Student Eligibility Report (SER) (all three copies) from the Basic Educational Opportunity Grant Program is due in the Financial Aid Office (applies only to at least half-time undergraduates applying for other types of federal aid).

Financial Aid Office
Campus University

Information Sheet for Students Interested In Higher Education Loans
from Banks and Other Lending Institutions

The GUARANTEED STUDENT LOAN (GSL) PROGRAM (also called the Federally Insured Student Loan (FISL) Program or the Higher Education Loan Program (HELP)) enables you to borrow directly from a bank, credit union, savings and loan association, or other participating lender who is willing to make the educational loan to you. The loan is guaranteed by a state or private non-profit agency or insured by the federal government.

The Financial Aid Office suggests that you begin the process of obtaining a loan by starting at a bank where you or your family have done business in the past (e.g., mortgage, checking or savings account, auto loan, etc.) or a bank in your own community, since many banks have limited funds and give preference to customers or local residents. State residents who have been denied loans from three lenders may obtain a Request for Loan Assistance form from the Financial Aid Office and file (through the Financial Aid Office) with the _____ Higher Education Assistance Corporation, which will assist the student in locating a lender. Out-of-state students requiring assistance in locating a lender can obtain the name and address of the agency in their home state from the Financial Aid Office.

All of the forms required for the loan are provided by the bank except the blue Campus University Bank Loan Application, which is required in all cases, and the Financial Aid Form, which is required in some cases (see below). These forms are sent to the student after the Financial Aid Office has received the loan papers from the bank. In addition, all students who receive federal financial aid must have on file an affidavit stating that the loan will be used only for educational purposes, must be making satisfactory academic progress in an eligible course of study, and must not be in default on a National Direct Student Loan or Guaranteed Student Loan or owe a refund on any Title IV grants (Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, etc.) at the institution they attend. The affidavit is contained directly on the student loan application, which is obtained at the bank, and must be signed in the presence of a notary or other person authorized to administer oaths before the Financial Aid Office will process the loan.

Recent amendments to the Higher Education Act of 1965 have caused substantial changes in the processing of student loans. The adjusted family income limit, which still permits eligibility for *federal interest benefits* (i.e., the federal government pays interest to the lender for you until you must begin repaying the loan) has been *raised*:

a) Families with adjusted family incomes* of less than \$25,000 now automatically qualify to receive the federal interest subsidy on a loan of any amount up to the new program limits for undergraduate and graduate students. In addition, current regulations allow the Financial Aid Office to use the loan as a substitute for the family contribution when considering the student for other types of financial aid. This means that some or all of the loan (up to the amount of the calculated family contribution) may be ignored in determining the student's need for other financial aid programs.

b) A student whose adjusted family income* is \$25,000 or more and who still wishes to receive the interest subsidy must file the Financial Aid Form (FAF) so that a needs analysis can be performed to determine qualification for the interest subsidy on the basis of *need* (i.e., cost of attendance less family resources available). Such loans, however, may *not* be considered as a substitute for the family contribution if the federal subsidy is approved for the loan. In cases where the loan is approved for non-subsidy (whether by a decision of the student and/or the bank or as a result of a recommendation of non-subsidy by the school), substitution for the family contribution is allowed in determining the student's need for other financial aid programs. If, on the basis of a needs analysis, the school is unable to recommend a loan, lenders still have the authority to override the zero recommendation of the school and give subsidized or non-subsidized loans (depending on the loan policy) if the lender has reason to believe that the results of the school's needs analysis do not properly reflect the financial situation of the applicant's family.

Academic Year Limits (in some states limits are smaller)

\$2,500 for undergraduates enrolled full-time.

\$1,250 for undergraduates enrolled less than full but at least half-time.

\$5,000 for graduates enrolled full-time.

\$2,500 for graduates enrolled less than full but at least half-time.

Students are reminded that despite the legal maximum, there may also be a "practical" maximum in effect, as the majority of banks impose lending restrictions (e.g., \$1,500 per year) as a matter of internal policy. The total maximum available for undergraduate students remains at \$7,500. The maximum for graduate and professional students, *including* loans obtained for undergraduate study, has been extended from \$10,000 to \$15,000. Your interest cannot be more than 7 percent (plus a 1 percent guarantee fee charged by some lenders).

* "Adjusted Family Income" is defined as the "Adjusted Gross Income" (from the federal income tax data of the *immediately preceding tax year*) of the student and, if appropriate, the student's parents and the student's spouse; less 10 percent of this adjusted gross income figure; less a \$750 exemption for each person in the family.

Example: (a dependent student with two parents and one brother or sister)

		Less:	
Parents' joint income	\$28,500	10 percent of Adjusted Gross Income	(2,900)
Student's income	500	Four in family (\$750 each)	(3,000)
Adjusted Gross Income	\$29,000	Adjusted Family Income	\$23,100

Please allow sufficient time for Financial Aid Office processing of your loan application. A processing period of up to *four weeks* may be needed during the summer months due to staff limitations and loan volume.

The **LOAN MUST BE REPAYED**. Under the new legislation, if the lender and the borrower agree, repayment may begin prior to the end of the nine-month grace period and/or the repayment schedule may extend over less than five years. However, you may be allowed to take up to ten years to pay your loan. Payments are made on a regularly scheduled basis (either monthly, bi-monthly or quarterly, depending upon the billing policy of the lending agency). Principal payments are established on an individual basis and can be negotiated with the lending agency or bank. Most agencies require a minimum of \$30 per month (\$360/year). Payments begin nine to twelve months after you graduate or leave school.

You do not have to make payments for up to three years while you serve in the Armed Forces, Peace Corps, or ACTION (which includes VISTA, University Year for ACTION, ACTION Cooperative Volunteer Programs, Volunteers in Justice and Program for Local Service). In addition, a similar deferment is available for any time you return to full-time study at an eligible institution. A one-time deferment for up to one year is also provided for students who are unable to find full-time employment. There are, however, *no cancellation provisions* for these loans (e.g., for teaching or military service) under any conditions. In the event that a borrower dies or becomes totally and permanently disabled, the principal and interest obligation will be paid by the federal government. The federal government will also repay any part of a borrower's obligation which is discharged in bankruptcy.

We hope this information sheet has been of value to you. Please feel free to contact the Financial Aid Office if you have any further questions.

Appendix 3:4k

Dear Student:

It has come to our attention that you may be eligible to be considered for financial aid for the _____ academic year from the organization listed below. We suggest that you contact this agency at the address noted for an application or more information.

Please contact this office if you have any questions on this matter.

Sincerely yours,

Committee on Financial Aid

Name of Sponsoring Organization: _____

Address and Telephone Number: _____

Type and Amount of Aid Available: _____

Special Requirements for Eligibility: _____

Appendix 3:4l

To Whom It May Concern:

_____ is a full time independent student at Campus University for the academic year 1977-78. His/her financial aid consists of \$_____ in grants and \$_____ in loans.

The student is charged \$_____ for room, \$_____ for board, \$_____ for tuition and \$_____ for fees.

If there are any further questions, please contact this office at your convenience.

Sincerely,

Student Financial Aid Office

Appendix 3:4m

To Whom It May Concern:

_____ is enrolled at Campus University for the _____ academic year. This student is from a low-income family situation and has a high financial need. If it is the policy of your school to grant fee waivers for such cases, I would appreciate it if you would consider providing this student with one.

Thank you for your attention to this matter. If you have any questions or if I can provide you with further information, please feel free to contact me.

Sincerely,

Financial Aid Advisor
Student Financial Aid Office

Student Consumer's Guide

Six Federal Financial Aid Programs, 1979-80

Financial Aid?



To help you finance your education and training after high school, the U.S. Office of Education (USOE) offers six student financial aid programs:

Basic Educational Opportunity Grant (BEOG)

Supplemental Educational Opportunity Grant (SEOG)

College Work-Study (CW-S)

National Direct Student Loan (NDSL)

Guaranteed Student Loan (GSL)

Health Education Assistance Loan (HEAL)

To be eligible for aid under any of these programs, you must be enrolled at least half-time in an eligible program at a postsecondary college, university, vocational school, technical school, or hospital school of nursing) participating in USOE financial aid programs. You must also meet the citizenship requirements discussed on page 1.

With the exception of GSL and HEAL, Federal student assistance is awarded on the basis of need. Need is the difference between your educational expenses—tuition, fees, room, board, books, supplies, and miscellaneous expenses—and the amount you and your family can afford to pay. There are several different systems for determining your need. While all of these systems take into account the same factors, such as income, assets, and family size, they do not all evaluate these factors in the same way. The estimate of how much you and your family can afford will vary, depending on which system is used at your school.

There are many other sources of student financial aid besides those described in this booklet. The best source of information on other sources of aid is the financial aid office at your school.

U.S. Department of Health, Education, and Welfare
Office of Education

Form **4506**

Department of the Treasury - Internal Revenue Service

(Rev. February 1978)

Request for Copy of Tax Form

(Please read the instructions on the back of this form before you complete it.)

Name and address of taxpayers as shown on tax form	Requester's telephone number	Document locator number (if known)
	Taxpayer's social security number	Kind of tax (income, estate, excise, gift, etc.)
Current address if different from above	Spouse's social security number	Tax form number
Mail copies to:	Employer identification number	Tax period ended
	Internal Revenue Service office where tax form was filed	
Do you want copies of all pages and attachments? ☐ Yes ☐ No	How many copies of each page requested (do you want?)	
If no, do you want copies of ☐ Page 1 only? ☐ Schedules only? ☐ Other?		
If you check "Other," please specify what copies you want.		
If you are requesting certification, please check here. ☐ (See instructions on back.)		

Signature of taxpayer (or requester)

Signature of person attesting, if corporate return (See instructions on back.)

Date

Instructions

Please prepare a separate Form 4506 for each request and send to the Internal Revenue Service office where the tax form was filed. The service center addresses appear on this page.

If you are not the taxpayer named on the copy of the tax form requested, please enclose a copy of your authorization to receive this material; this will be a power of attorney, tax information authorization or, if the taxpayer is deceased, a certified copy of your letters of administration or testamentary. If more than a year has passed since the letters of administration or testamentary were issued, you must also send a certification by the clerk of the court stating that the letters are still in effect.

If you request a copy of a corporation return, the request must be signed by a principal officer and witnessed by another officer or the secretary, under corporate seal if any.

A corporation return may be inspected by or disclosed to any of the following:

- (1) a person designated by the corporation's board of directors;
- (2) any officer or employee of the corporation who presents a written request signed by any principal officer and witnessed by the secretary;
- (3) any bona fide shareholder who owns 1 percent or more of the outstanding stock of the corporation;
- (4) if the corporation was a foreign personal holding company under section 552, any person who was a shareholder during any part of a period covered by the return if for any part of that period the shareholder was required under section 551 to include in gross income undistributed foreign personal holding company income from the corporation;
- (5) if the corporation was an electing small business corporation under subchapter S of Chapter 1, any person who was a shareholder during any part of the period covered by the return during which an election was in effect; or
- (6) if the corporation has been dissolved, any person authorized by applicable State law to act for the corporation or any person who the Secretary finds to have a material interest which will be affected by information contained on the return.

The basic rate for reproduction of a completed tax form or other document is \$1 for one page and 10 cents for each additional page. Unless certification is requested, only pages on which an entry appears will be copied.

If you request copies for judicial or administrative proceedings and if it is necessary that the form be formally certified under seal, the cost of certification is \$1 regardless of the number of pages.

Please do not attach payment to this request—a bill will be enclosed with the copies sent to you.

Service Center Addresses

Alabama—Atlanta, GA 31101
 Alaska—Ogden, UT 84201
 Arizona—Ogden, UT 84201
 Arkansas—Austin, TX 73301
 California—Fresno, CA 93668
 Colorado—Ogden, UT 84201
 Connecticut—Andover, MA 05501
 Delaware—Philadelphia, PA 19255
 District of Columbia—Philadelphia, PA 19255
 Florida—Atlanta, GA 31101
 Georgia—Atlanta, GA 31101
 Hawaii—Fresno, CA 93668
 Idaho—Ogden, UT 84201
 Illinois—Kansas City, MO 64999
 Indiana—Memphis, TN 37501
 Iowa—Kansas City, MO 64999
 Kansas—Austin, TX 73301
 Kentucky—Memphis, TN 37501
 Louisiana—Austin, TX 73301
 Maine—Andover, MA 05501
 Maryland—Philadelphia, PA 19255
 Massachusetts—Andover, MA 05501
 Michigan—Cincinnati, OH 45999
 Minnesota—Ogden, UT 84201
 Mississippi—Atlanta, GA 31101
 Missouri—Kansas City, MO 64999
 Montana—Ogden, UT 84201
 Nebraska—Ogden, UT 84201
 Nevada—Ogden, UT 84201
 New Hampshire—Andover, MA 05501
 New Jersey—Holtsville, NY 00501
 New Mexico—Austin, TX 73301
 New York
 New York City and Counties of Nassau,
 Rockland, Suffolk and Westchester—
 Holtsville, NY 00501
 All Other Counties—Andover, MA 05501
 North Carolina—Memphis, TN 37501
 North Dakota—Ogden, UT 84201
 Ohio—Cincinnati, OH 45999
 Oklahoma—Austin, TX 73301
 Oregon—Ogden, UT 84201
 Pennsylvania—Philadelphia, PA 19255
 Rhode Island—Andover, MA 05501
 South Carolina—Atlanta, GA 31101
 South Dakota—Ogden, UT 84201
 Tennessee—Memphis, TN 37501
 Texas—Austin, TX 73301
 Utah—Ogden, UT 84201
 Vermont—Andover, MA 05501
 Virginia—Memphis, TN 37501
 Washington—Ogden, UT 84201
 West Virginia—Memphis, TN 37501
 Wisconsin—Kansas City, MO 64999
 Wyoming—Ogden, UT 84201

Attachment B**Validation Form****AGENCY VERIFICATION OF SOURCES OF NON-TAXABLE INCOME**

One of these forms must be signed (or an equivalent letter must be provided) by a representative of each agency from which your family and/or you received non-taxable income amounts during 1977.

Student's name

Name of person to whom benefits paid

Agency name

()
Agency telephone number Ext\$
1977 benefits received

Agency representative (Print)

Date signed

Signature of agency representative

Student's name

Name of person to whom benefits paid

Agency name

()
Agency telephone number Ext\$
1977 benefits received

Agency representative (Print)

Date signed

Signature of agency representative

Student's name

Name of person to whom benefits paid

Agency name

()
Agency telephone number Ext\$
1977 benefits received

Agency representative (Print)

Date signed

Signature of agency representative

To (or to the parents of):

Student Financial Aid Office

Date: _____

The information requested below must be received *before* we can complete processing your Financial Aid Application for 1978-79. Please submit the following as soon as possible by **ATTACHING THE INFORMATION TO THIS LETTER**.

1. () On the enclosed Campus University application, 1977-78 resources and expenses differ from each other by a significant amount. 1977-78 expenses should be large enough to cover tuition, fees and all living expenses and 1977-78 resources should *equal or exceed* expenses. Please make any necessary changes and resubmit the application to the Financial Aid Office.
2. () You have not yet sent us your 1978-79 Student Eligibility Report (SER) for the Basic Educational Opportunity Grant Program, which you should have received from the Basic Grants processor at Iowa City after submitting either the Financial Aid Form (FAF) or a separate BEOG Application. The SER must be returned to the Financial Aid Office *whether or not* you are eligible.
3. () Please update your 1978 family income estimate from all taxable (wages, interest, dividends, other, etc.) and nontaxable (unemployment, welfare, Social Security, veterans, child support, etc.) sources. Include actual data to date and projections for the remainder of 1978.
4. () There appears to be an error on your enclosed Student Eligibility Report (SER) when compared with the FAF or the Tax Return as follows:
 - () a. Box _____ () for \$ _____ does not agree with
Line _____ (\$ _____) of the _____.
 - () b. Box _____ () for \$ _____ does not agree with
Line _____ (\$ _____) of the _____.
 - () c. Box _____ () for \$ _____ does not agree with
Line _____ (\$ _____) of the _____.
 - () d. Other _____

If this is an error, please follow the instructions on the back of the SER and re-submit the SER to the Basic Grants processor in Iowa (*not* to Campus University). If the SER is correct as is, however, please return it to the Financial Aid Office with a written explanation of the item in question.

5. () Please explain the following apparent discrepancies:
 - () a. Line(s) _____ () for \$ _____ on the _____ does not agree with
Line(s) _____ () for \$ _____ on the _____.
 - () b. Line(s) _____ () for \$ _____ on the _____ does not agree with
Line(s) _____ () for \$ _____ on the _____.
 - () c. The interest and/or dividends reported on your tax return seem to indicate considerably more assets (cash, investments, etc.) than those reported on your FAF.
 - () d. Other _____

6. () Other _____

Sincerely yours,

The Committee on Financial Aid

Student Financial Aid Office
Request for Aid Review

DATE _____

NAME _____	SCHOOL _____	YEAR _____	SOC. SEC. # _____
SCHOOL ADDRESS _____		TEL. _____	
HOME ADDRESS _____		TEL. _____	

AID RECEIVED

LAST YEAR (1977-78)

\$ _____

\$ _____

Summer Earnings Available for
Education

Campus University Grant

Campus University Scholarship

National Direct Student Loan
ProgramSupplemental Educational
Opportunity Grant ProgramBasic Educational Opportunity
Grant ProgramCollege Work-Study Program
(September-May)

Nursing Student Loan Program

Nursing Student Scholarship
ProgramGuaranteed Student (Bank, HELP)
Loan Program

State Scholarship Program

Term Employment other than
Work-Study

Other (Outside Scholarships, etc.)

TOTAL

CURRENT YEAR (1978-79)

\$ _____

\$ _____

What type(s) of aid do you wish to be reviewed for? _____

If you are interested in both National Direct Student Loan (or Nursing Student Loan) and Work-Study, which would you prefer (keep in mind that Work-Study *cannot* be used to pay bills until the funds are earned)? _____

Please indicate on the reverse side the reasons you are requesting a review of your financial aid package. Be as specific as possible. Emphasis should be placed on information which was *not* available to the Financial Aid Committee in its original examination of your case. After reviewing the information provided, the Committee may require additional documentation and, if so, you will be notified. Since the Financial Aid Office is *unable* to answer Requests for Aid Review by mail, you are asked to call or visit the Financial Aid Office no earlier than *three weeks* after we receive this form, at which time you will receive further information on your case.

NOTE: Please keep the following factors in mind as far as your need or aid for 1978-79 is concerned:

1. Work-Study: Federal regulations now require the Financial Aid Office to use 60 percent of gross earnings from *summer* Work-Study in the need calculation for other financial aid.
2. Guaranteed Student (HELP, Bank) Loans: Federal regulations now require the Financial Aid Office to count the *entire* amount of Type II HELP Loans (Type II = adjusted family income \$25,000 and over applying for a loan in any amount) as a direct student resource instead of as a substitute for the family contribution. The same regulation applies to Type I HELP Loans (adjusted family income under \$25,000 and applying for a loan of any amount) to the extent that the loan amount exceeds the family contribution.

-
- () approved
 () not approved
 () adjustment already made
 () see counselor
 () counselor's response _____
- _____

Counselor's initials _____

Date _____

Office of Financial Aid

Date _____

Dear _____

Congratulations on the receipt of a _____ Scholarship. We have received the first half of your award and have credited it to your account.

One of the requirements of this award, as stipulated by _____, is that a copy of your transcript be sent to them at the end of each semester during the 1975-76 academic year. Supplying these transcripts to _____ is the responsibility of the student. If _____ doesn't receive a transcript at the end of first semester, they will not forward your second semester award. If they do not receive a transcript at the end of second semester, they would not consider an application from you for the 1976-77 academic year. Thus, your cooperation is critical to future scholarship consideration.

If you have any questions, please feel free to contact me.

Sincerely,

Assistant to the Director
Student Financial Aid

Student Employment Office

To: _____ Date _____
Address: _____ Year _____ School _____

Your Work-Study Award has been:

_____ Canceled, effective ____/____/____

_____ Reduced to \$ _____

for the following reason:

- _____ 1. Additional aid in the form of _____
which you recently received covers your financial need and you are no longer
eligible to receive funds under the Work-Study program.
- _____ 2. You have earned the amount allotted to you under the Work-Study program.
- _____ 3. You have another job on campus which, although not funded under the Work-
Study program, must be counted as part of your financial aid package according
to an HEW ruling. Therefore, you are no longer eligible for additional Work-
Study earnings.
- _____ 4. Due to repeated poor performance or attendance on your Work-Study job you
have forfeited your College Work-Study award. You may want to consult your
financial aid counselor regarding alternative forms of aid.
- _____ 5. Other: _____

Sincerely,

Committee on Financial Aid

cc: White — Student
Pink — Student Employment Office
Yellow — Supervisor
Green — Financial Aid Office

Student Financial Aid Office

Dear Student:

In checking our records of authorized National Direct Student Loans and Nursing Student Loans, we note that you have failed to negotiate the first semester portion of your loan in the Student Loan Office, Smith Hall 302. The requirement that you negotiate your loan was specifically stated on our award letter to you. Your failure to comply with the above terms must be interpreted by our office as a refusal to accept this loan.

As our semester records are now being closed, we must inform you that your first semester award will now be cancelled and will not be applied to your account. If you are interested in the *second* semester portion of this loan (negotiation dates are January 15-19, 1979 in Smith Hall 302) please complete the brief reply form below and return it to the Financial Aid Office within *one week* of the date of this letter. In the event that we do not receive this reply within one week, we will assume that you are not interested in a National Direct Student Loan or Nursing Loan this year and will cancel the second semester portion as well, with the funds being awarded to another needy student. A revised award letter reflecting the adjustments mentioned above will soon be forwarded. If there is any confusion concerning this matter or if you feel that there are extenuating circumstances for failing to negotiate your loan and would like to discuss them, please contact this office for an appointment.

Sincerely,

Committee on Financial Aid

NDSL REPLYNAME _____ SCHOOL _____ YEAR _____
SOCIAL SECURITY No. _____

(Please check)

_____ I do not wish to receive the first semester amount of my loan, but I do wish to receive the second semester portion of my National Direct (or Nursing) Student Loan and I agree to negotiate the loan in Smith Hall 302 between January 15-19.

Signature _____

Student Financial Aid Office

Dear Outside Agency Coordinator:

Our office has just been notified that _____
of _____ who is receiving \$ _____
from you has [] withdrawn [] taken leave of absence from Campus University as of
_____.

Very truly yours,

The Committee on Financial Aid

1979-1980

W/D _____
 LOA _____
 READMIT _____

190

NAME _____

SCHOOL _____

YEAR _____

SS # _____

ADDRESS
(home) _____ADDRESS
(local) _____

AWARD LETTER

A _____
 B _____
 C _____
 D _____

INC _____

PC _____

NC _____

NR _____

REVIEWED _____

Student Budget _____

Parents' Cont. _____

Applicants' Assets _____

Summer Earnings _____

Total Contrib. _____

Need _____

Outside Aid _____

Outside Aid _____

State Schol. _____

VA Benefits _____

Sec. Sec. _____

Pres. Loan _____

Tuition Remission _____

Stipend _____

Remaining Need _____

Special Adjustment _____

IND _____

	AWARD	TYPE	CODE	SEMESTER 1	SEMESTER 2	TOTAL
_____	Grant 1	GR 1	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
_____	Grant 2	GR 2	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
_____	Scholarship	SCH	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
_____	BEOG	BOG	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
_____	SEOG	SOG	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
_____	Guar. Ins. Loan	GIL	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
_____	NDSL	NDL	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
_____	Nursing S'ship	NRS	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
_____	Nursing Loan	NML	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
_____	Other	OTH	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
_____	Other	OTH	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
_____	Other	OTH	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
Total Indebtedness: GIL _____	Summer CWS	SSI	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
NDL _____	State S'ship	STS	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
Term - Sem _____	Term CWS	ISI	☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐

Appendix 3:9

Elements of a Typical Student Data Base**Personal Information**

Student Identification Number

Name

Race

Sex

Date of Birth

Marital Status

Local Address and Phone

Home Address and Phone

Parent/Guardian Name

Parent Address and Phone

Campus

Semester or Session

Year

School

Entry Status

Entry Date

Standing

Registration Status

Classification

Residence

Credit Hour Load

Eligible to Register

Aid Master Record
Period - Fall Semester 1978

192

Name: Sample, Aid

Student ID No: 999-99-9999

Appendix 4:2

	<u>Transaction Date</u>	<u>Aid Code Acct.</u>	<u>Avail.</u>	<u>Assign Fees</u>	<u>Assign Hsng</u>	<u>Defer Fees</u>	<u>Appl Fees</u>	<u>Appl Hsng</u>	<u>Checks Written</u>	<u>Refund Fees</u>	<u>Refund Hsng</u>	<u>Expense Reimburse</u>	<u>Balance</u>
(1)	7/12/78	79-8637	400.00										400.00
(2)	7/17/78			400.00									-0-
(3)	8/01/78					400.00							-0-
(4)	8/30/78						400.00						-0-
		79-8637	400.00	400.00		400.00	400.00						-0-
(1)	7/12/78	62-A	300.00										300.00
(2)	7/17/78	Cannot Assign											-0-
(5)	9/15/78		- 300.00										-0-
		62-A	-0-										-0-
(1)	7/12/78	79-8200	700.00										700.00
(2)	7/17/78			700.00									-0-
(4)	8/30/78						700.00						-0-
(6)	10/20/78		- 200.00								200.00		-0-
		79-8200	500.00	700.00			700.00				200.00		-0-
(1)	7/12/78	85-1159	500.00										500.00
(4)	8/30/78								500.00				-0-
		85-1159	500.00						500.00				-0-
Summary Totals													
(1)	7/12/78		1,900.00										1,900.00
(2)	7/17/78			400.00	700.00								-0-
(3)	8/01/78					400.00							300.00
(4)	8/30/78						400.00	700.00	500.00				300.00
(5)	9/15/78		- 300.00										-0-
(6)	10/20/78		- 200.00								200.00		-0-
			1,400.00	400.00	700.00	400.00	400.00	700.00	500.00		200.00		-0-

Examples of Typical Disbursement Process Transactions

- (1) On July 12, 1978, an aid master record is created from aid inputted from the financial aid package and Bursar Aid.
- (2) On July 17, 1978, tuition and fees of \$400.00 and housing charges of \$700.00 are assessed and billed. Aid code 62-A, staff children, was not used since it must be used on tuition and fees, and aid code 79-8637, state scholarship, which also must be used on tuition and fees has a higher priority in the Aid Code Priority Table and therefore is used. See Appendix C.
- (3) On August 1, 1978, the student formally acknowledges the registration by returning the tuition and fee invoice.
- (4) On August 30, 1978, the aid is authorized for disbursement and the school term begins August 31.
- (5) On September 15, 1978, aid not used is pulled and made available to other needy students.
- (6) On October 20, 1978, the student withdraws and receives a \$200.00 housing refund.

Aid Code Priority Table

Priority	Aid Code	Specific Account	Use For Fees Only (*)	Type
1	A		*	Institutes
2	A		*	Staff Spouse (non-resident)
3	B		*	Fellowships
4	A		*	Staff
5	B		*	Federal Contracts
6	B	8637	*	State Scholarship
7	B	8638	*	State Grant
8	A		*	Staff Children
9	A		*	Graduate Tuition and Fees Scholarship
10	B		*	Vocational Rehabilitation
11	A		*	University Remissions
12	B		*	Industrial
13	B		*	Foreign Embassy
14	B			Outside Awards
15	B	8200		Basic Grant Program
16	B			Scholarships and Grants
17	B			Athletic Grant-in-Aid
18	B			Education Assured
19	D			Advance Deposit
20	D		*	Foreign Study Deposit
21	D			Advance Payment
22	C			Student Loan
23	D			Dedicated Aid
24	C		*	Delayed Financial Aid
25	C		*	Additional Fees Deferred
26	C		*	Bursar Personal Deferment
27	C		*	Lost Financial Aid

How, When, and Where to Claim Your Award

The method of disbursement is planned to disburse funds promptly and to provide each student with a detailed record (the Disbursement Advice Form) of how his or her funds were used. Students are encouraged to read this section carefully to avoid difficulties in obtaining aid funds.

SCHOLARSHIPS, GRANTS, AND LOANS

All payments of scholarships, grants, and loans awarded by the financial aid office or granted by an outside donor but disbursed through the university are handled by the disbursement office. These funds are first applied as a credit to fees, tuition, and /or university housing. Married student housing is credited up to a total of three months' rent. The total amount of credit toward payment of these charges appears as "DFA aid assigned" on students' billing statements for tuition and fees. These billing statements are normally mailed in August for students enrolled in the fall semester and in December for students enrolled in the spring semester.

If the total of a student's scholarships, grants, and loans exceeds the amount of his or her fees, tuition, and/or university housing, the remaining funds are disbursed to the student as a cash payment. It is important to note that the student receives a single payment in each semester; because this check is disbursed very early in the semester, he or she must budget the funds awarded to pay expenses for the entire semester. A student needing assistance in budgeting should contact a counselor in the financial aid office.

The steps involved in disbursing student aid funds follow.

1. Acceptance of award. No funds will be authorized for a student until they have been accepted. If a student is receiving an "anticipated" award, such funds may not be disbursed until he or she completes all the necessary forms for that particular award. For example, if a student has an anticipated BEOG, no BEOG funds will be disbursed until the student has submitted a copy of his or her BEOG Student Eligibility Report to the financial aid office.

2. Authorization of funds. The financial aid office authorizes the disbursement office either to credit the funds to the student's fees, tuition, and/or university housing or to make payment to the student by check. Before funds can be authorized, however, verification must be made that the student is registered for a minimum of twelve credit hours per semester. A student who does not plan to register for twelve hours should contact the financial aid office for a review of eligibility for aid.

3. Notification from disbursement office. The disbursement office notifies the student at his or her

school address when his or her funds may be claimed. Notices are sent beginning with the second week of classes. Students may not report to the disbursement office to pick up funds until this notification has been received. The notice provides further directions on claiming the award. Students should inform the registrar's office of their correct campus addresses.

4. Disbursement. After notification that his or her funds are ready, the student must report to the disbursement office. At this time, all necessary forms are signed, the student receives a copy of the Disbursement Advice Form, and a check is given to the student if a cash payment is warranted. As disbursement begins during the second week of classes, students should plan accordingly by using summer earnings, savings, or other funds to pay for books, supplies, rents, deposits, and similar expenses.

If a student accepts his or her award after having paid fees, tuition, and/or university housing, he or she may receive a refund for these payments. Students are notified, as described previously, when these refunds are available.

If for any reason a student's aid is revised after disbursement, any subsequent payments are handled in the manner described earlier. Any such funds are first applied toward any outstanding charges of fees, tuition, and/or university housing; the balance is paid to the student in a single payment. If a student's aid is decreased as a result of the revision, he or she will receive a billing from the disbursement office for any excess payments.

WORK-STUDY

A student who has been awarded and has accepted work-study is responsible for locating employment, either returning to a work-study job held previously or locating a new position. The financial aid office helps students in obtaining positions through work-study job listings maintained in Room 102. A student may select several positions from the listings and contact employers for interviews. Arrangements for specific working hours and hourly rate of pay are made by student and employer.

After obtaining a position, the student must inform the financial aid office of his or her place of employment. The financial aid office then issues a Work-Study Payroll Authorization Form so that the student may begin working. All work-study student employees are paid by check on a bi-weekly basis. While employment earnings are not applied directly against fees and housing, the earnings help students to meet living expenses.

089762

FINANCIAL AID DISBURSEMENT ADVICE

DATE

STUDENT I.D. NO.

YEAR/SEM

NAME

ADDRESS

EXPECTED GRADUATION DATE

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REMISSIONS — SCHOLARSHIPS — GRANTS — DEPOSITS							
TYPE AID	DESCRIPTION		AWARDED AMOUNT	CREDITED TO FEES	CREDITED TO HOUSING	RESIDENCE HALL CODE	BALANCE

LOANS AND OTHER FUNDS							
TYPE AID	DESCRIPTION	NOTE NUMBER	AWARDED AMOUNT	CREDITED TO FEES	CREDITED TO HOUSING	RESIDENCE HALL CODE	BALANCE

I CERTIFY THAT THE ABOVE IS AN ACCURATE RECORD OF THE FUNDS
AWARDED TO ME AND AGREE WITH THE DESCRIPTION OF HOW THEY
WERE CREDITED TO MY UNIVERSITY ACCOUNTS OR DISBURSED TO ME.

SIGNATURE

DATE

TOTAL AWARDED	
TOTAL CREDITED	
BALANCE DISBURSED CHECK NO.	

UNIVERSITY — AID NOTIFICATION

TO:

STUDENT I.D. NO.

YR/SEM

YOUR FINANCIAL AID FUNDS ARE NOW AVAILABLE. TO FINALIZE RECEIPT OF THESE FUNDS, PLEASE BRING THIS NOTICE, YOUR PASSPORT AND CLASS SCHEDULE TO THE CASHIERS' WINDOW AT THE BURSARS' OFFICE, GROUND FLOOR, AID HALL DURING THE HOURS SHOWN BELOW. IF YOU ARE RECEIVING A LOAN AND A LOAN SUPPLEMENT FORM IS ENCLOSED, YOU MUST ALSO PRESENT THIS COMPLETED FORM AT THE BURSARS' OFFICE TO CLAIM YOUR LOAN.

CASHIERS' WINDOWS OPEN:

MONDAY THRU FRIDAY

8:30 AM TO 12:00 NOON

1:00 PM TO 4:30 PM

UNIVERSITY — AID NOTIFICATION

FINAL REMINDER

TO:

STUDENT I.D. NO.

YR/SEM

YOUR FINANCIAL AID FUNDS ARE NOW AVAILABLE. TO FINALIZE RECEIPT OF THESE FUNDS, PLEASE BRING THIS NOTICE, YOUR PASSPORT AND CLASS SCHEDULE TO THE CASHIERS' WINDOW AT THE BURSARS' OFFICE, GROUND FLOOR, AID HALL DURING THE HOURS SHOWN BELOW. IF YOU ARE RECEIVING A LOAN AND A LOAN SUPPLEMENT FORM IS ENCLOSED, YOU MUST ALSO PRESENT THIS COMPLETED FORM AT THE BURSARS' OFFICE TO CLAIM YOUR LOAN.

**IF YOU DO NOT CLAIM THESE FUNDS WITHIN TEN DAYS FROM THE ABOVE DATE,
YOUR AID WILL BE CANCELLED, AND YOU WILL BE BILLED FOR ANY AMOUNTS
PREVIOUSLY USED FOR TUITION, FEES, OR HOUSING.**

CASHIERS' WINDOWS OPEN:

MONDAY THRU FRIDAY

8:30 AM TO 12:00 NOON

1:00 PM TO 4:30 PM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
Washington, D.C. 20202

OE-4248-1 (Rev. 11-78)
BO-5F (Rev. 8-77)

PROMISSORY NOTE
NATIONAL DIRECT STUDENT LOAN PROGRAM

I, _____, promise to pay to
hereinafter called the Lending Institution, located at _____ the sum of such
amounts as may from time to time be advanced to me and endorsed in the Schedule of Advances set forth below together with all
attorneys fees and other costs and charges necessary for the collection of any amount not paid when due.

SCHEDULE OF ADVANCES		
	Amount	Date
1	\$	
2	\$	
3	\$	
4	\$	
5	\$	
6	\$	

I further understand and agree that:

GENERAL

I. All sums advanced pursuant to this note are drawn from a fund created under Part E of Title IV of the Higher Education Act of 1965, hereinafter called the Act, and are subject to the Act and the Federal Regulations promulgated pursuant to the Act. The terms of this note shall be construed in accordance with the Act and Federal Regulations, copies of which shall be kept by the Lending Institution.

REPAYMENT

II. (1) Interest shall accrue from the beginning of the repayment period and shall be at the rate of 3 per centum on the unpaid balance except that no interest shall accrue during any period described in paragraph III (3).

(2) Except as provided in paragraph II (3) Repayment of principal, together with interest thereon, shall be made over a period beginning 9 months after the date on which I cease to be at least a half-time student at an institution of higher education or at a comparable institution outside the United States approved for this purpose by the United States Commissioner of Education, and ending, unless paragraph III (3) applies, 10 years and 9 months after that date. I may however request that the payment period start on an earlier date. I shall repay the principal and interest over the course of the repayment period in equal monthly, bimonthly or quarterly installments, as determined by the Lending Institution, except that, if I request, such payments shall be made in graduated installments determined in accordance with such schedules as may be approved by the Lending Institution and the Commissioner. In either case, a schedule of repayment shall be attached to and made part of this note.

(3) If the repayment schedule that would otherwise be established in accordance with paragraph II (2) would provide for payments of principal and interest at a rate of less than \$30 per month, I shall repay the total amount of this loan plus the interest thereon at the rate of \$30 per month, which shall include repayment of principal and interest. In the event I receive or have received National Direct or Defense Student Loans from other lending institutions, I shall repay this note at a monthly rate equal to not less than the amount by which \$30 exceeds the total monthly rate of principal and interest repaid on the other loans. A schedule of repayment shall be attached to and made part of this note. The Lending Institution may permit me to pay less than the rate of \$30 per month for a period of not more than one year where necessary to avoid hardship to me unless such an action would extend the repayment period in paragraph 2 of this article.

III. This note is also subject to the following conditions:

PREPAYMENT

(1) I may at my option and without penalty prepay all or any part of the principal, plus the accrued interest thereon, at any time.

DEFAULT

(2) If I fail to meet a scheduled repayment of any of the installments due on this note, the entire unpaid indebtedness including interest due and accrued thereon, shall, at the option of the Lending Institution, become immediately due and payable.

DEFERMENT

(3) Interest shall not accrue, and installments need not be paid (A) while I am enrolled and in attendance as at least a half-time student at an institution of higher education or at a comparable institution outside the United States approved for this purpose by the Commissioner, or (B) for a period not in excess of 3 years during which I am (i) on full-time active duty as a member of the Armed Forces of the United States (Army, Navy, Air Force, Marine Corps, or Coast Guard), (ii) in service as a volunteer under the Peace Corps Act, or (iii) a VISTA volunteer under Title I—Part A of the Domestic Service Act of 1973, P.L. 93-113,

(formerly Title VIII of the Economic Opportunity Act of 1964).

The Lending Institution may, upon my application, defer or reduce any scheduled repayments if, in the view of the Lending Institution, extraordinary circumstances such as prolonged illness or unemployment, prevent me from making such payments. However, interest shall continue to accrue.

CANCELLATION FOR TEACHING

(4) I am entitled to have the entire amount of this loan plus the interest thereon cancelled if I undertake service (A) as a full-time teacher in a public or other nonprofit elementary or secondary school which is in a school district of a local educational agency which is eligible for assistance pursuant to Title I of the Elementary and Secondary Education Act of 1965 and which for the purposes of this clause has been designated by the Commissioner in accordance with the provisions of Section 465(a) (2) of the Higher Education Act as a school with a high enrollment of students from low-income families, or (B) as a full-time teacher of handicapped children (including mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, or other health-impaired children who by reason thereof require special education) in a public or other nonprofit elementary or secondary school system.

This loan shall be cancelled for teaching service in accordance with the following rates: 15 per centum of the total principal amount of the loan plus interest thereon shall be cancelled for the first and second complete academic years of teaching service; 20 per centum of the total principal amount plus interest thereon for the third and fourth complete academic years of such service; and 30 per centum of the total principal amount plus interest thereon for the fifth complete academic year of such service.

HEAD START CANCELLATION

(5) I am entitled to have the entire amount of this loan plus the interest thereon cancelled if I undertake service as full-time staff member in a preschool program carried on under Section 222(a) (1) of the Economic Opportunity Act of 1964 (Head Start) at the rate of 15 per centum of the total principal amount of the loan plus interest thereon for each complete school year or its equivalent of such service, if that Head Start program is operated for a period which is comparable to a full school year in the locality, and if the salary of such staff member is not more than the salary of a comparable employee of the local educational agency.

MILITARY CANCELLATION

(6) If I serve as a member of the Armed Forces of the United States, up to 50 per centum of the principal amount of this loan plus the interest thereon shall be cancelled at the rate of 12½ per centum of the total principal amount of the loan plus interest thereon for each complete year of service in an area of hostilities that qualifies for special pay under Section 310 of Title 37 of the United States Code.

DEATH AND DISABILITY CANCELLATION

(7) If I should die or become permanently and totally disabled, the entire amount of this loan plus the interest thereon shall be cancelled.

ADDRESS CHANGE

(8) I am responsible for informing the Lending Institution of any change or changes in my address.

PENALTY CHARGE

(9) If I fail to make timely payment of all or any part of a scheduled installment, or if I am eligible for deferment or cancellation of payment (pursuant to paragraphs III (3), (4), (5), or (6), but fail to submit timely and satisfactory evidence thereof, I promise to pay the charge assessed against me by the Lending Institution. No charge may exceed (1) where the loan is repayable in monthly installments, \$1 for the first month or part of a month by which such installment or evidence is late, and \$2 for each month or part of a month thereafter; or (2) in the case of a loan which is repayable in bimonthly or quarterly installments, \$3 and \$6, respectively, for each installment interval or part thereof by which such installment or evidence is late. If the Lending Institution elects to add the assessed charge to the outstanding principal of the loan, it shall so inform me prior to the due date of the next installment.

ASSIGNMENT

IV. This note may be assigned by the Lending Institution only (A) to another institution upon my transfer to that institution if that institution is participating in this program (or, if not so participating, is eligible to do so and is approved by the Commissioner for such purpose) or (B) to the United States if this note has been in default for two years. The provisions of this note that relate to the Lending Institution shall, where appropriate, relate to an assignee.

PRIOR LOANS

V. I hereby certify that I have listed below all of the National Direct Student Loans (or National Defense Student Loans) I have obtained at other institutions. If no prior loans have been received state "None."

SCHEDULE OF NATIONAL DIRECT STUDENT LOANS AND NATIONAL DEFENSE STUDENT LOANS AT OTHER INSTITUTIONS

	Amount	Date	Institution	Signature of Maker
1	\$			
2	\$			
3	\$			
4	\$			

Signature _____ Date _____, 19__

Permanent Address _____
(Street or Box No., City, State, Zip)

CAVEAT -- This note shall be executed without security and without endorsement, except that if I am a minor and this note would not, under the law of the State in which the lending institution is located, create a binding obligation, either security or endorsement may be required. The lending institution shall supply a copy of this note to me.

NOTE NUMBER

NAME OF LENDING INSTITUTION

**National Direct Student Loan Program
Disclosure of Finance Charges
to be used when loan is awarded**

1. The **FINANCE CHARGE** begins to accrue at the termination of the grace or other deferment period.
2. **ANNUAL PERCENTAGE RATE**
 - (A) Prior to beginning of repayment period 0%
 - (B) During repayment period 3%
3. **Amount Financed**
4. **Delinquency and Default Charges:**

A late charge may be assessed against the Maker if the Maker fails to make timely payment of all or any part of an installment, or if the Maker is eligible for deferral or cancellation of payment but fails to submit timely and satisfactory evidence thereof. No charge may exceed (1) where the loan is repayable in monthly installments, \$1.00 for the first month or part thereof in which the installment or evidence is late, and \$2.00 for each month or part thereof thereafter, or (2) where the loan is repayable in bi-monthly or quarterly installments, \$3.00 and \$6.00 respectively for each installment interval or part thereof in which the installment or evidence is late.

The Maker acknowledges receipt of an exact copy of this statement.

Date

Signature of Maker

CAMPUS ADDRESS

NATIONAL DIRECT STUDENT LOAN FACT SHEET

The purpose of this fact sheet is to explain certain rights and obligations you need to know concerning your loan. When you, the student borrower, sign this statement it means that you understand your obligations, and you agree to honor them.

OBLIGATIONS

I understand that I must report immediately any of the following changes to the BUSINESS OFFICE

1. If I do not plan to return to _____ the next semester (excluding summer sessions). This includes but is not limited to the following reasons:
 - a. I withdraw
 - b. I transfer to another school.
 - c. I graduate.
 - d. I am on probation or suspension.
2. If I enroll or receive credit for less than six hours any semester (excluding summer sessions).
3. If my address changes.
4. If my name changes.
5. If I enter the Military, Peace Corp, or VISTA service.

RIGHTS

1. Interest will not begin to accrue until nine months after termination of at least half-time student status as either an undergraduate or graduate student.
2. Repayment will not be required until the 10th, 11th, or 12th month after termination of at least half-time student status depending upon the repayment schedule selected, i.e., monthly, bi-monthly, or quarterly.
3. Interest, when applicable, will be computed at 3% simple interest on the unpaid-principal balance. Interest charges are computed to the nearest first of the month from the date payment is received in this office.
4. Interest will not accrue and repayment may be deferred while in Military, Peace Corps, or VISTA status provided Form OE-1120 "Request for Deferment of Repayment" is filed at least once annually. The maximum period of exemption is three years. Forms may be obtained from this office.

Any questions regarding your loan or repayment should be directed to this office.

The Maker acknowledges receipt of an exact copy of this fact sheet.

Date

Signature

REQUIRED SUPPLEMENTAL LOAN INFORMATION

This completed form must be returned to the Cashier window at the Bursar's Office, Ground Floor, Aid Hall, when you report to claim your loan.

Name _____ Student I.D. No. _____

 Last First Middle

Address in Full _____ Phone _____

 No. & Street City & State Zip

Spouse's Name _____ Is spouse a student? _____

Name of Co-Signer _____ Relationship to you? _____

Address _____ Phone _____

Date I plan to terminate student status _____

Parent or Guardian _____ Phone _____

Address _____

Spouse's Parent or Guardian _____ Phone _____

Address _____

References, other than parents, who will know your address for next several years:

_____ Phone _____

Name Address City & State Zip

_____ Phone _____

Name Address City & State Zip

_____ Phone _____

Name Address City & State Zip

Driver's license number & state _____ Date of Birth _____

Credit Cards, Charge Accounts, & Loans:

If you have life insurance, to whom are premiums paid?

Name & location of bank at which you have an account:

School and Major: _____ Major Professor _____

TO THE BEST OF MY KNOWLEDGE, THIS INFORMATION IS CORRECT AND COMPLETE

Student's Signature _____ Date _____

DFAFS-27

Recipient Report of Expenditures
As of December 31, 1978

FISCAL OFFICER
COLLEGE OF LEARNING
ADMINISTRATION BUILDING
COLLEGETOWN, USA 38334

PIN PAYEE CRS#
1234 1-234567890-A2

PART I - OPEN AWARDS

<u>INSTITUTION</u> <u>CONTROL NO.</u>	<u>CRS</u> <u>NUMBER</u>	<u>DFAFS DOCUMENT</u> <u>NUMBER</u>	<u>AUTHORIZED</u> <u>AMOUNT</u>	<u>EXPENDED</u> <u>AMOUNT</u>	<u>FROE</u>
000012345678	1-234567890-A2	01-0000222222-Y ¹	\$10,000.00	\$_,_,9,000.00	F
000012345679		08-000300395	42,009.00	_,_,40,112.15	
		TOTALS	\$52,009.00	\$_,_,49,112.15	

PART II- AWARDS WITH FINAL EXPENDITURES

<u>INSTITUTION</u> <u>CONTROL NO.</u>	<u>CRS</u> <u>NUMBER</u>	<u>DFAFS DOCUMENT</u> <u>NUMBER</u>	<u>AUTHORIZED</u> <u>AMOUNT</u>	<u>EXPENDED</u> <u>AMOUNT</u>	<u>FROE</u> <u>R A</u>
000012345684	1-234567890-A2	08-0000063180	\$64,000.00	\$63,604.00	
000012345698		08-0000077483	10,000.00	10,000.00	* *
		TOTALS	\$74,000.00	\$73,604.00	

*FINAL ROE (Report of Expenditure) HAS BEEN REPORTED BY THE RECIPIENT (R) AND
THE AGENCY (A) HAS REPORTED EXPENDITURES TO DFAFS.

¹"Y" indicates a multi-program award.

Total cumulative expenditures should be shown in "Expended Amount" Column,
Part I. At the bottom of the Report, the "Authorized Amount" and the "Expended
Amount" should be shown at the level specified on the award document.

DFAFS 27

DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
DEPARTMENTAL FEDERAL ASSISTANCE FINANCING SYSTEM DATE AS OF 06/30/78
RECIPIENT REPORT OF EXPENDITURES

SORT: DOC NO

FINANCE OFFICER
ABC UNIVERSITY
MAIN STREET
NOWHERE,

NJ 07100

PIN
A123

PAYEE CRS NO.
1-100001479-A1

PART I - OPEN AWARDS

INSTITUTION CONTROL NO.	CRS NUMBER	DFAFS DOCUMENT NUMBER	AUTHORIZED AMOUNT	EXPENDED AMOUNT	FROE
00000000A011	1-100001479-A1	02-00750E2020	109,320.00	<u>75,148.21</u>	
00000000A015	1-100001479-A1	02-00760E8854	110,000.00#	<u>107,197.41</u>	F
00000000A019	1-100001479-A1	05-0124768594			
		FY 7 CAN-5022993	46,250.00	<u>46,250.00</u>	
		FY 7 CAN-5022994	52,000.00	<u>52,000.00</u>	
		FY 8 CAN-5021785	12,327.00	<u>8,000.00</u>	
		FY 8 CAN-5021786	19,500.00	<u>4,000.00</u>	
B0154	1-100001479-A2	06-9576486756	250,000.00	<u>13,000.00</u>	
C0108	1-100001479-A3	07-9569584037	25,000.00	<u>1,250.00</u>	
PART I TOTALS		(5 DOCUMENTS)	624,397.00	<u>306,845.62</u>	

PART II - AWARDS WITH FINAL EXPENDITURES

INSTITUTION CONTROL NO.	CRS NUMBER	DFAFS DOCUMENT NUMBER	AUTHORIZED AMOUNT	EXPENDED AMOUNT	FROE R A
00000000A010	1-100001479-A1	02-00760E1038	110,000.00	110,000.00	*
00000000A012	1-100001479-A3	02-00750E3856	95,000.00	93,276.89	*
00000000C0197	1-100001479-A3	07-3948576485	16,054.00	16,907.66	* *
PART II TOTALS			221,054.00	220,175.55	
TOTALS, PART I AND PART II			845,451.00	<u>527,021.71</u>	

(Sample Report as Completed by Recipient)

DFAFS-27A

Cash Reconciliation Statement
As of December 31, 1978FISCAL OFFICER
COLLEGE OF LEARNING
ADMINISTRATION BUILDING
COLLEGETOWN, USA 38334PIN PAYEE CRS #
1234 1-234567890-A2

CASH ACCOUNTABILITY	\$123,456.78
LESS TOTAL EXPENDITURES	\$122,716.15
COMPUTED CASH BALANCE	\$,740.63
ACTUAL CASH BALANCE	\$,740.63

UNDER PENALTY OF PERJURY, I DECLARE I HAVE EXAMINED THIS REPORT AND CERTIFY THAT THE EXPENDITURES AND ACTUAL CASH BALANCE FIGURES SHOWN HEREON ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT THESE EXPENDITURES AGREE WITH REPORTS SUBMITTED TO THE APPROPRIATE HEW AWARDING OFFICE AND HAVE BEEN MADE FOR THE PURPOSES OF, AND IN ACCORDANCE WITH, APPLICABLE AWARD TERMS AND CONDITIONS.

SIGNED John Doe, Treasurer DATE January 15, 1979
NAME AND POSITION

NAME AND PHONE NUMBER OF PERSON TO BE CONTACTED REGARDING THIS REPORT

NAME John Doe
(PLEASE PRINT OR TYPE)AREA CODE AND PHONE NUMBER (202) 996-1212

RETURN ONE (1) COPY OF THIS REPORT TO: DHEW FEDERAL ASSISTANCE FINANCING BRANCH
DASP/DASF/ASC
533 WESTBARD AVENUE - ROOM 426
BETHESDA, MARYLAND 20014

DFAFS 27A

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
DEPARTMENTAL FEDERAL ASSISTANCE FINANCING SYSTEM
CASH BALANCE AND CERTIFICATION STATEMENT

DATE AS OF 6/30/78

FINANCE OFFICER
ABC UNIVERSITY
MAIN STREET
NOWHERE, NJ 07100PIN PAYEE CRS NO.
A123 1-100001479-A1

CASH ACCOUNTABILITY (SEE 27B FOR COMPUTATION)	528,500.00
LESS TOTAL EXPENDITURES (PART I AND PART II)	<u>527,021.71</u>
FEDERAL CASH HELD BY RECIPIENT AS OF 06/30/78	<u>1,478.29</u>

THE FEDERAL CASH BALANCE REPRESENTS CASH REQUIREMENTS FOR THE ENSUING 1 DAYS.
(NUMBER)

THE AMOUNT OF THE FEDERAL CASH BALANCE HELD BY SECONDARY RECIPIENTS IS NONE 00.

WHEN AN EXPENDITURE BEING REPORTED IS GREATER THAN THE AUTHORIZED AMOUNT, PLEASE
EXPLAIN THE DIFFERENCE:

UNDER PENALTIES OF PERJURY, I DECLARE I HAVE EXAMINED THIS REPORT AND CERTIFY THAT
THE EXPENDITURES AND FEDERAL CASH BALANCE FIGURE SHOWN HEREON ARE CORRECT TO THE
BEST OF MY KNOWLEDGE AND THAT THESE EXPENDITURES HAVE BEEN MADE FOR THE PURPOSE
OF, AND IN ACCORDANCE WITH, THE APPLICABLE AWARD TERMS AND CONDITIONS.

SIGNED _____ DATE _____
(NAME AND POSITION)

NAME AND PHONE NUMBER OF PERSON TO BE CONTACTED REGARDING THIS REPORT

NAME _____
(PLEASE PRINT OR TYPE)

AREA CODE AND PHONE NUMBER _____

RETURN ORIGINAL COPY OF THIS REPORT TO -

FEDERAL ASSISTANCE FINANCING BRANCH _____
DASP/DASF/OS/HEW
Box 6021
Rockville, Maryland 20852

(BACK OF STUDENT MASTERCARD)

NAME OF STUDENT					SOCIAL SECURITY NUMBER				
1. 19 -19 CWS AMOUNT OF AWARD \$		PROJECT IDENTIFICATION			\$		PER HOUR		
PAY PERIOD FROM TO		TOTAL	CASH	NONCASH	PAY PERIOD FROM TO		TOTAL	CASH	NONCASH
2. 19 -19 CWS AMOUNT OF AWARD \$		PROJECT IDENTIFICATION			\$		PER HOUR		
PAY PERIOD FROM TO		TOTAL	CASH	NONCASH	PAY PERIOD FROM TO		TOTAL	CASH	NONCASH
3. 19 -19 CWS AMOUNT OF AWARD \$		PROJECT IDENTIFICATION			\$		PER HOUR		
PAY PERIOD FROM TO		TOTAL	CASH	NONCASH	PAY PERIOD FROM TO		TOTAL	CASH	NONCASH
4. 19 -19 CWS AMOUNT OF AWARD \$		PROJECT IDENTIFICATION			\$		PER HOUR		
PAY PERIOD FROM TO		TOTAL	CASH	NONCASH	PAY PERIOD FROM TO		TOTAL	CASH	NONCASH

DATE

STUDENT NO LONGER IN ATTENDANCE

DATE

STUDENT IN ATTENDANCE BUT NO LONGER ELIGIBLE
FOR FINANCIAL AID. INELIGIBLE FOR:

1. GRADUATED
2. TRANSFERRED
3. ACADEMIC PROBLEMS
4. FINANCIAL PROBLEMS
5. OTHER - STATE REASON:

BEOG - REASON:
CWS - REASON:
NDSL - REASON:
SEOG - REASON:

BEOG REFUND:

DATE

AMOUNT

Loan Status Card

Account No. _____

Name _____

Address _____

Social Security No. _____

Date

Current Status of Account
Status

(Back of Card)

Left School _____ Work Completed Elsewhere _____ Period of Grace Ends _____

School Attendance _____ Proof
Elsewhere _____ From _____ To _____ Established __________ From _____ To _____ Proof
Established __________ From _____ To _____ Proof
Established _____Military Service, _____ Proof
Peace Corps, Vista _____ From _____ To _____ Established __________ From _____ To _____ Proof
Established __________ From _____ To _____ Proof
Established _____

Entered Teaching _____

Proof Established for Years _____

Payments Due: _____

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE OFFICE OF EDUCATION WASHINGTON, D.C. 20202	PLEASE READ INSTRUCTIONS BEFORE COMPLETING THIS FORM.	FORM APPROVED OMB NO. 51-R0943 COMPLETE THIS PART ONLY AFTER ALL OTHER RELEVANT PARTS OF THIS REPORT HAVE BEEN COMPLETED.
INSTITUTIONAL FISCAL-OPERATIONS REPORT FOR THE NATIONAL DIRECT STUDENT LOAN, SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS, AND COLLEGE WORK-STUDY PROGRAMS FOR FISCAL YEAR 1976 (July 1, 1975 - June 30, 1976) PART I - GENERAL SECTION		1. SERIAL NUMBER (DSFA) 2. ENTITY NUMBER (EN) 1.
Further monies or other benefits may, but not necessarily, be withheld under these programs unless this report is completed and filed as required by existing laws 20 U.S.C. 424, 1087cc - National Direct Student Loan Program; 20 U.S.C. 1070b; 20 U.S.C. 1232c - Supplemental Educational Opportunity Grants Program; and 42 U.S.C. 2754; 20 U.S.C. 1232c - College Work-Study Program.		
2. NAME AND ADDRESS OF INSTITUTION (include city, State and ZIP code)		3. COMPLETE THIS REPORT AND RETURN BY AUGUST 31, 1976. ALL COPIES BUT YOUR OWN TO: U.S. Office of Education Bureau of Postsecondary Education Division of Student Financial Aid Program Support Branch Washington, D.C. 20202

SECTION A - NUMBER OF ND5L, SEOG, AND CWS AID RECIPIENTS AND AMOUNTS SPENT IN THESE PROGRAMS DURING FISCAL YEAR 1976 BY RACIAL/ETHNIC DISTRIBUTION

RACE OR ETHNIC GROUP	ADP USE	UNDUPLICATED TOTAL		ND5L		SEOG		CWS	
		RECIPIENTS a	AMOUNT b	RECIPIENTS c	AMOUNT d	RECIPIENTS e	AMOUNT f	RECIPIENTS g	AMOUNT h
1. BLACK (not of Hispanic origin)	1A010								
2. INDIAN OR ALASKAN NATIVE	1A020								
3. ASIAN OR PACIFIC ISLANDER	1A030								
4. HISPANIC	1A040								
5. WHITE (not of Hispanic origin)	1A050								
6. TOTAL (sum of lines 1 through 5)	1A060								

SECTION B - DISTRIBUTION OF AID RECIPIENTS BY SEX DURING FISCAL YEAR 1976

SEX	ADP USE	UNDUPLICATED NUMBER OF AID RECIPIENTS a	ND5L RECIPIENTS b	SEOG RECIPIENTS c	CWS RECIPIENTS d
1. MEN	1B010				
2. WOMEN	1B020				
3. TOTAL (sum of lines 1 and 2)	1B030				

OE FORM 1152-1, 6/78

REPLACES OE FORM 1152-1, 5/78,
WHICH IS OBSOLETE

PART I - GENERAL SECTION (continued)	PLEASE READ INSTRUCTIONS BEFORE COMPLETING THIS FORM.	FORM APPROVED OMB NO. 51-R0643
NAME OF INSTITUTION	ADDRESS (include city, State, and ZIP code)	SERIAL NUMBER (DSFA)
		ENTITY NUMBER (EN)
		1 -

SECTION C - NUMBERS OF AID RECIPIENTS AND AMOUNTS SPENT BY INCOME CATEGORY FOR UNDERGRADUATE DEPENDENT STUDENTS OR BY UNDERGRADUATE INDEPENDENT OR GRADUATE STATUS DURING FISCAL YEAR 1976

	ADP USE	TOTAL a	UNDERGRADUATE DEPENDENT						UNDER- GRADUATE INDEPENDENT h	GRADUATE i
			\$0 TO \$2,999 b	\$3,000 TO \$5,999 c	\$6,000 TO \$7,499 d	\$7,500 TO \$8,999 e	\$9,000 TO \$11,999 f	OVER \$12,000 g		
NDSL										
1. RECIPIENTS	1C010									
2. AMOUNT LENT	1C020									
SEOG INITIAL YEAR										
3. RECIPIENTS	1C030									
4. AMOUNT SPENT	1C040									
SEOG CONTINUING										
5. RECIPIENTS	1C050									
6. AMOUNT SPENT	1C060									
CWSP										
7. RECIPIENTS	1C070									
8. AMOUNT SPENT	1C080									
TOTAL										
9. UNDUPLICATED NUMBER OF RECIPIENTS	1C090									
10. AMOUNT SPENT	1C100									

SECTION D - CERTIFICATION

WE CERTIFY that the information contained in this report is true and accurate to the best of our knowledge. We understand that these figures are subject to audit by representatives of the U.S. Commissioner of Education.

SIGNATURE OF DIRECTOR OF STUDENT FINANCIAL AID			SIGNATURE OF CHIEF FISCAL OFFICER		
TYPED NAME OF DIRECTOR		DATE SIGNED	TYPED NAME OF CHIEF FISCAL OFFICER		DATE SIGNED
AREA CODE	TELEPHONE NUMBER	EXTENSION	AREA CODE	TELEPHONE NUMBER	EXTENSION

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form may be subject to a fine of up to \$10,000 or to imprisonment of up to 5 years or to both under provisions of the United States Criminal Code. Such provisions may include, among others, 18 U.S.C. 1001.

PART IV - COLLEGE WORK STUDY PROGRAM		PLEASE READ INSTRUCTIONS BEFORE COMPLETING THIS FORM.		FORM APPROVED OMB NO. 51-R0643	
NAME OF INSTITUTION		ADDRESS (include ZIP code)		SERIAL NUMBER (DSFA)	
				ENTITY NUMBER (EN) 1.	
AMOUNT SPENT IN THE COLLEGE WORK-STUDY PROGRAM DURING FISCAL YEAR 1976				ADP USE	AMOUNT
1. ORIGINAL CWS AUTHORIZATION				4A010	\$
2. ADJUSTMENT TO ORIGINAL AUTHORIZATION	2.1 SUPPLEMENTAL AWARD			4A021	\$
	2.2 RELEASE OF FUNDS			4A022	
3. FINAL ADJUSTED CWS AUTHORIZATION				4A030	\$
4. AMOUNT TRANSFERRED FROM SEOG AND SPENT IN CWS				4A040	\$
5. TOTAL EARNED COMPENSATION				4A050	\$
6. INSTITUTIONAL SHARE				4A060	\$
7. FEDERAL SHARE				4A070	\$
8. ADMINISTRATIVE EXPENSE ALLOWANCE (not to exceed 3 percent of line 5)				4A080	\$
9. CWS AMOUNT TRANSFERRED TO AND SPENT IN SEOG				4A090	\$
10. TOTAL FEDERAL EXPENDITURES FROM CWS AUTHORIZATION (sum of lines 7, 8, and 9 minus line 4)				4A100	\$
11. UNEXPENDED CWS AUTHORIZATION (line 3 minus line 10)				4A110	\$
12. PERCENT OF FINAL ADJUSTED AUTHORIZATION WHICH WAS EXPENDED DURING FISCAL YEAR 1976 (line 10 divided by line 3 times 100)				4A120	%
13. INTEREST EARNED				4A130	\$
14. NUMBER OF STUDENTS EMPLOYED UNDER THE CWSP FOR THE FIRST TIME DURING FISCAL YEAR 1976				4A140	#
REPORT OF ON-CAMPUS AND OFF-CAMPUS EMPLOYMENT DURING FISCAL YEAR 1976 (July 1, 1975 through June 30, 1976)			ADP USE	NUMBER OF STUDENTS a	FEDERAL SHARE b
15. ON-CAMPUS EMPLOYMENT			4A150	#	\$
16. OFF-CAMPUS EMPLOYMENT			4A160	#	\$
17. REMARKS					

NATIONAL DEFENSE/DIRECT STUDENT LOANS

STATEMENT OF RIGHTS AND RESPONSIBILITIES

Your National Direct Student Loan is a serious legal obligation. Therefore, it is extremely important that you understand your rights and responsibilities. When you, the student borrower, sign this statement it means that you do understand your responsibilities, and you agree to honor them.

1. I understand that I must, without exception, report any of the following changes to Michigan State University; Loan Receivables Division; Box 311; East Lansing, MI 48824; Phone (517) 355-5140.
 - (a) If I withdraw from school.
 - (b) If I transfer to another school.
 - (c) If I drop below half-time status.
 - (d) If my name should change (for example, because of marriage).
 - (e) If my address, or my parents' address changes.
 - (f) If I join the military service, Peace Corps, or VISTA.
2. I understand that when I graduate or withdraw from Michigan State University I must arrange for an exit interview by calling 355-5140.
3. I understand that my first quarterly payment will be due twelve months from the time I cease to be at least a half-time student.
4. I understand that my minimum quarterly payment will be at least \$90.00. It may be more if the amount borrowed is sufficient to require larger payments.
5. I understand that the ANNUAL PERCENTAGE RATE of 3% will be the FINANCE CHARGE based on the unpaid balance and that it will begin to accrue nine months after I cease to be enrolled as at least a half-time student.
6. I understand that cancellation will be granted for certain types of elementary or secondary school teaching; for military service in areas of hostilities; for full-time staff members in Head Start; and in the event of death or permanent disability. I also accept the responsibility to inform the school of such status.
7. I understand that if I enter the military service, Peace Corps, or VISTA, or return to at least half-time study at an institution of higher education, I may request that the payments on my National Direct Loan be deferred.
8. I understand that if I fail to repay any loan as agreed, the total loan may become due and payable immediately and legal action could be taken against me.
9. I understand that I will promptly answer any communication from Michigan State University regarding the loan.
10. I understand I may prepay at anytime. I further understand that future interest will be reduced by making such payments.
11. I understand that if I cannot make payment on time, I must contact the Michigan State University Loans Receivable Division to make arrangements.
12. I authorize Michigan State University to contact any school which I may attend, to obtain information concerning my student status, my year of study, my dates of attendance, graduation, or withdrawal, my transfer to another school, or my current address.

I ATTEST THAT I HAVE READ AND UNDERSTAND THE RESPONSIBILITIES AND OPTIONS AVAILABLE TO ME, AND THAT I WILL ADHERE TO THEM.

(Date)

(Signature of Student)

White-M, S, U. Copy
Green-Student Copy

NURSING/HEALTH PROFESSIONS STUDENT LOANS

STATEMENT OF RIGHTS AND RESPONSIBILITIES

A Nursing or Health Professions Student Loan is a serious legal obligation. Therefore, it is extremely important that you understand your rights and responsibilities. When you, the student borrower, sign this statement it means that you do understand your responsibilities, and you agree to honor them.

1. I understand that I must, without exception, report any of the following changes to the Michigan State University; Loan Receivables Division; Box 311; East Lansing, Michigan 48824; (517) 355-5140.
 - (a) If I withdraw from school.
 - (b) If I transfer to another school.
 - (c) If I drop below full-time status. (half-time for Nursing)
 - (d) If my name should change (for example, because of marriage).
 - (e) If my address, or my parents' address changes.
 - (f) If I join the military service or Peace Corps.
2. I understand that when I graduate or withdraw from Michigan State University I must arrange for an exit interview by calling (AC 517) 355-5140.
3. I understand that my first quarterly payment will be due fifteen months from the time I cease to be a full-time (half-time for nursing) student.
4. I understand that my minimum quarterly payment will be at least \$45.00. It may be more if the amount borrowed is sufficient to require larger payments.
5. I understand that the ANNUAL PERCENTAGE RATE of 3% (7% on Health Professions Loans granted after 10/1/77) will be the FINANCE CHARGE based on the unpaid balance and that it will begin to accrue twelve months (nine months for nursing) after I cease to be enrolled as a full-time student (half-time for nursing).
6. I understand that cancellation may be granted for practice in certain areas; for special conditions according to the terms shown on my loan note; and in the event of death or permanent disability. I also accept the responsibility to inform the school of such status.
7. I understand that if I enter the military service or Peace Corps, or pursue advanced professional training, I may request that the payments on my Loan be deferred.
8. I understand that if I fail to repay my loan as agreed, the total loan may become due and payable immediately and legal action could be taken against me.
9. I understand that I will promptly answer any communication from Michigan State University regarding my loan.
10. I understand I may prepay at anytime. I further understand that future interest will be reduced by making such payments.
11. I understand that if I cannot make payment on time, I must contact Michigan State University, Loan Receivables Division to make arrangements.
12. I authorize Michigan State University to contact any school which I may attend, to obtain information concerning my student status, my year of study, my dates of attendance, graduation, or withdrawal, my transfer to another school, or my current address.

I ATTEST THAT I HAVE READ AND UNDERSTAND THE RESPONSIBILITIES AND OPTIONS AVAILABLE TO ME, AND THAT I WILL ADHERE TO THEM.

(Date)

(Signature of Student)

Blue - M.S.U. Copy
White - Student Copy

STATEMENT OF RESPONSIBILITIES

A guaranteed student loan is a serious legal obligation; therefore, it is extremely important that you understand your responsibilities. When you, the student borrower, sign this statement it means that you do understand your responsibilities; and you agree to honor them.

1. I understand that I must without exception, report any of the following changes to my lender, Michigan State University (AC 517-355-1889):
 - (a) If I withdraw from school.
 - (b) If I transfer to another school.
 - (c) If I drop below half-time status.
 - (d) If my name should change (for example, because of marriage).
 - (e) If my address, or my parents' address changes.
 - (f) If I join the military service, Peace Corps, or VISTA.
2. I understand that if I withdraw from school or graduate ahead of schedule, I must immediately report that fact to Michigan State University and make repayment arrangements.
 - (a) I understand that my first payment will be due ten months after the date of my withdrawal from an eligible school.
 - (b) I understand that my minimum monthly payment will be at least \$30.00; it may be more if the amount borrowed is sufficient to require larger payments.
 - (c) I understand that there is no "forgiveness" of any part of this loan because of teaching or military service.
 - (d) I understand that any Federal interest benefits to which I may have been entitled cease during my repayment period.
 - (e) I understand that I will answer promptly any communications from Michigan State University, Michigan Higher Education Assistance Authority, or the Federal government relative to this loan.
3. I understand that if I enter the military service, Peace Corps, or VISTA, or return to full-time study at an approved school, I may request that the payments on my guaranteed loan be deferred.
4. I understand that my guaranteed loan proceeds are to be used solely for expenses related to attendance at Michigan State University.
5. I understand that if I fail to repay my loan as agreed under State regulations, I face possible legal action by the State government.
6. I authorize M.H.E.A.A. or the Federal government to contact my school at any time and obtain information concerning my student status, my year of study, my dates of attendance, graduation, or withdrawal, my transfer to another school, or my current address.

Date

Signature of Student

White - Lender Copy
Green - Student Copy

Signature of Lending Institution Representative

Personal and Confidential Information

To be completed by the student:
(PLEASE PRINT)

Date _____

NAME _____ STUDENT NUMBER _____
(Last) (First) (Middle Initial)

LOCAL ADDRESS:

PERMANENT ADDRESS:

STREET (inc. Apt. #) _____ STREET (inc. Apt. #) _____

CITY _____ CITY _____

STATE _____ ZIP _____ STATE _____ ZIP _____

TELEPHONE NO. _____ TELEPHONE NO. _____
(area code)

Birth Date _____ Social Security Number _____

Driver's License Number _____ State _____

Your Part-time Job (Company Name) _____

College _____ Major _____

CLASS: Fresh. _____ Soph. _____ Jr. _____ Sr. _____ Grad. _____ Exp. Graduation Date _____

Spouse's Name _____ Spouse's Employment _____

PARENT OR GUARDIAN:

Name _____
(First) (Initial) (Last)

Street (inc. Apt. #) _____ Telephone _____
(area code)

City _____ State _____ Zip Code _____

Parent's Employer's Name _____

Employer's Business Address _____
(City) (State)

Brothers and Sisters over 18 not living at home, (List married name of sisters, for example: Mrs. Robert R. Anderson.)

Name _____ Address _____

Name _____ Address _____

PERSONAL REFERENCES:

Name _____ Address _____

Name _____ Address _____

INSURANCE COMPANY OR AGENT:

Automobile _____ Address _____

Life _____ Address _____

THIS FORM MUST BE COMPLETED BEFORE FINANCIAL AID CAN BE ISSUED.

Approximate Monthly Payment Chart

This chart gives an idea of the *monthly* payment required to pay your student loan in 10 years. Interest is included in the payment.

Loan Size	Approximate Payment	
	@ 3%	@ 7%
\$1500	15	18
2100	20	25
2600	25	30
3100	30	36
3600	35	42
4100	40	48
4600	45	54
5100	50	59
5600	55	65
6200	60	72
6700	65	78
7200	70	84
7700	75	90
8200	80	95
8800	85	102
9300	90	108
9800	95	114
10300	100	120
10800	105	126
11300	110	132
11900	115	138
12400	120	144
12900	125	150
13400	130	156
13900	135	162
14500	140	169
15000	145	174

NDSL

D

**Your Rights and
Obligations as a
National Defense/Direct
Student Loan Recipient**

S

L

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OBLIGATIONS OF THE BORROWER

- A. **NAME OR ADDRESS CHANGE** -- You must promptly notify the M.S.U. Loan Receivables Division when you change your name or address.
- B. **COMPLETION OF FORMS** -- Forms need not be sent until you receive a bill. Properly completed and certified forms, when submitted by the due date shown on the bill, will generally void the bill. Send all forms and correspondence to:

Michigan State University
Box 311, NDSL
East Lansing, Michigan 48824

- C. **FINANCE CHARGES** -- Interest begins to accrue on the unpaid balance of the loan upon completion of the grace period. The rate of interest is 3% (three percent) annually, calculated on the unpaid principal. For example:

Quarterly Repayment

$$\text{Principal Balance} \times \frac{0.0300}{4} = \text{Interest Due}$$

- D. **TIMELY REMITTANCES** -- You will be billed for each payment due. If you cannot make payment on time, you must contact the Loan Receivable Office (AC 517-355-5140) prior to the payment due date.

Michigan State University will co-operate with you in any way possible, but late payments and other types of neglect (i.e., failure to report an address change or to submit forms on time), could result in action by a collection agency. This could have an effect on your future credit rating, and will be a reason for Michigan State University to place a hold on transcripts and future registrations. You may also be obligated to pay the collection agency fees if you should apply for future financial aid at Michigan State University.

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BORROWER RIGHTS

- A. GRACE PERIOD**—The interval between graduation or termination of at least half-time studies and commencement of repayment is called the "period of grace." This grace period consists of nine (9) consecutive months for all loans obtained after November 8, 1965. (Prior to that date, it was 12 months.) During this period, repayment need not be made and interest will not accrue. However, you are encouraged at your option, and without penalty, to make prepayment during this period of time with the idea of saving on interest and repaying your loan in less than the time provided.

NOTE: Your grace period will expire at the end of nine (9) months if you are in military service, Peace Corps, or VISTA.

- B. DEFERMENT PRIVILEGES**—You may defer (delay) payments on your loan by submitting forms, properly completed and certified for any one of the following categories:

- 1) *Student*—Upon expiration of the grace period, a borrower returning to an institution of higher education within the United States, or attending a comparable institution outside the States, may defer payments for the entire period that at least a half-time course of study is maintained.
- 2) *Military* — As a "member of the Armed Forces of the United States" on sustained full-time active duty, a borrower is entitled to defer repayment for a maximum of three years.
- 3) *Peace Corps or VISTA* — Members are entitled to defer repayment for a maximum of three years.
- 4) *Extreme Hardship* — In a case of extreme financial hardship, deferral or repayment is sometimes allowed for short periods of time, dependent on the circumstances and determined by Michigan State University. Interest on the loan continues to accrue during hardship deferments.

Deferments are not granted in advance. Rather, deferment of repayment is granted to loan recipients who file a "request form" signed and certified for a completed period of time. Submission of these forms is required once each year or upon completion of deferment eligibility, whichever is less.

You should always indicate on submitted forms your intention for continuance of deferment eligibility.

- C. PARTIAL CANCELLATION PRIVILEGES** — The National Defense Education Act and subsequent amendments provide for partial cancellation of loans. Borrowers who perform certain service explained briefly below may qualify for cancellation benefits.

- 1) *Teaching Service* — A borrower must be employed as a full-time teacher for a complete academic year or its equivalent.

Allows cancellation at the rate of 10% of the total loan, plus interest thereon, for

each year of teaching service up to a maximum of 50% when teaching service is performed in one of the following categories:

- a. A public, private, or other nonprofit elementary or secondary school or institution of higher education in a State.
- b. A federal elementary or secondary school operated by the Department of Interior or schools operated by the Department of Defense for military dependents.

NOTE: Cancellation eligibility for teaching service as described in (a) and (b) above was terminated for all loans made after June 30, 1972.

Allows cancellation at the rate of 15% per year on the total loan, plus interest thereon, to a maximum of 100% of the total loan for teaching service performed in one of the following categories:

- a. Public or other nonprofit elementary or secondary school which has been determined by the Commissioner to be a "school with a high concentration of students from low-income families" listed yearly in the Federal Register. First academic year of eligibility was 1966-67.
- b. Handicapped children in a public or other nonprofit elementary or secondary school system. First year of eligibility was academic year 1967-68.

NOTE: For loans after July 1, 1972, cancellation provisions are 15% for the first and second years, 20% for the third and fourth years, and 30% for the fifth year of service.

- 2) *Head Start* — Borrower must be full-time staff member.

On loans made before July 1, 1972, partial cancellation may apply.

If salary is comparable to local educational agencies, allows cancellation on loans made after June 30, 1972 at the rate of 15% per year on the total loan, plus interest thereon, to a maximum of 100% of the total loan.

- 3) *Military Service* — Borrowers entering the uniformed Armed Services for active duty may make application for partial cancellation of their loan. Governing provisions are shown below:

- a. Borrowers with loans made between April 13, 1970 and June 30, 1972, may be eligible for partial cancellation at the rate of 12½% per year, up to a maximum of 50% of the loan, for each year of service after June 30, 1970.
- b. For loans made after June 30, 1972, the borrower must be serving in an area of hostilities that qualifies for special pay under Section 310 of Title 37, U.S.C. to qualify for cancellation of up to 50% of the loan total at the rate of 12½% for each year.

- 4) *Death, Bankruptcy, Total Disability* — Provisions are for cancellation of the entire loan amount with the following evidence:

- a. Death: Certificate of Death
- b. Bankruptcy: Final Decree of Bankruptcy
- c. Disability: Complete certification that the borrower has become totally disabled

☐ NDSL
☐ Nursing
☐ Vet. Med.
☐ Human Med.
☐ Osteo. Med.

NDSL - NURSING - HEALTH PROFESSIONS LOANS

REPAYMENT SCHEDULE

Name (Mr.) (Mrs.) (Ms.)

Last

First

Middle

Home Address

No. and Street

Apt. #

City

State

Zip Code

The _____ which you received, together with an ANNUAL PERCENTAGE RATE of _____ % on the unpaid balance, is repayable in accordance with this repayment schedule. With you leaving Any University on _____, your FINANCE CHARGE will begin to accrue on _____.

The AMOUNT FINANCED \$ _____, together with a FINANCE CHARGE of \$ _____ (the total amount of interest to be paid if payments are in accordance with this schedule), is to be cancelled or repaid in _____ quarterly (every three months) payments of \$ _____ each. The total amount to be paid, including the AMOUNT FINANCED and the FINANCE CHARGE will be \$ _____. Your first payment will be due on _____ and will be followed by payments each quarter thereafter. Statements will be sent approximately twenty (20) days before each payment is due.

The AMOUNT FINANCED is repayable in accordance with this repayment schedule, and is subject to provisions relating to DELINQUENCY and DEFAULT CHARGES specified in your promissory note(s). These may include a penalty charge for late payment or submission of forms, and the possibility that the total unpaid balance, including interest due, shall become due and payable immediately. Collection agencies will be used on loans which become more than 120 days past due.

You may, at your option and without penalty, prepay all or part of the principal plus the accrued interest at any time.

The brochure which is being provided at this time covers deferment and cancellation provisions of your loan. Please become familiar with the terms.

Notification of name or address changes must be made to the Any University Loan Receivables Division. Checks should be payable to "Any University" and mailed to:

Any University
 NDEA, Nursing, and Health Professions Loans
 Box 123
 Your Town, U.S.A. 00001

Date

Any University Representative

I acknowledge receipt of an exact copy of this statement.

Date

Signature of Borrower

Student Number

Recommended Truth-in-Lending Form*(Name of Lending Institution)*Month and Year in which
you expect to Graduate _____From _____
(Institution's Name)

Student Number _____

Permanent Address _____

Social Security No. _____

Date of Birth _____

Caveat: This note shall be executed without security and without endorsement except that if the Maker is a minor and this note would not, under the Law of the State in which the lending Institution is located, create a binding obligation, either security or endorsement may be required. The lending Institution shall supply a copy of this note to the Maker.

Endorsement: Required only if student is under 18 years of age.

Date _____

Signature _____

Address _____

Relationship to Maker _____

Schedule of NDSL at Other Institutions

Amount	Date	Institution	Signature of Maker
1.			
2.			

Schedule of Advances

Cash Price	Down Payment	Unpaid Balance of Cash Price: Amount Financed	Check #	Date	Received Copy of Truth in Lending Statement
1.					
2.					
etc.					

Signature of Maker Upon Receipt of Amount Financed and Date

1.	
2.	
etc.	(The promissory note should appear on the reverse side of this form.)

Truth-in-Lending Statement

The _____ Loan(s) which you have received, together with an ANNUAL PERCENTAGE RATE of _____ on the unpaid balance, is repayable in accordance with a repayment schedule to be executed at the time you terminate study at this Institution. The FINANCE CHARGE begins to accrue at the termination of the grace or other deferment period.

The AMOUNT FINANCED is repayable in accordance with the provisions of the promissory note and the repayment schedule to be attached thereto. If the Maker fails to make timely payments of all or any part of a scheduled installment, or if the Maker is eligible for deferment or cancellation of payment [pursuant to Part III(3), (4), (5) or (6)], but fails to submit timely and satisfactory evidence thereof, the Maker promises to pay the charge assessed against him or her by the lending Institution. No charge may exceed (1) where the loan is repayable in monthly installments, \$1 for the first month or part of a month by which such installment or evidence is late, and \$2 for each month or part of a month thereafter; or (2) in the case of a loan which is repayable in bimonthly or quarterly installments, \$3 and \$6 respectively for each installment interval or part thereof by which such installment or evidence is late. If the lending Institution elects to add the assessed charge to the outstanding principal of the loan, it shall so inform the Maker prior to the due date of the next installment. The Maker may, at his or her option and without penalty, prepay all or any part of the principal plus the accrued interest at any time.

Name of Institution

Type of Loan

Street Address

City, State, Zip

* KEEP THIS PORTION FOR YOUR RECORDS *

ACCOUNT NUMBER

THIS STATEMENT
REFLECTS ACTIVITY
THROUGH

PRINCIPAL	FINANCE CHARGE (INTEREST)	DEPOSIT DATE	AMOUNT DUE	PRINCIPAL	FINANCE CHARGE (INTEREST)
LAST PAYMENT	35.83	23.48	11/08/76	CURRENT DUE	60.76 9.60
TOTAL PAID	470.83	23.48		PAST DUE	24.93 .00
TOTAL CANCELLED	750.00			TOTALS	85.69 9.60
2,500.00 - 1,220.83 = 1,279.17			95.29		
LOAN AMOUNT	TOTAL PRINCIPAL PAID AND CANCELLED	PRINCIPAL BALANCE	FREQUENCY OF BILLING	DUE DATE	PAY THIS AMOUNT

ANNUAL PERCENTAGE RATE of 3.0 PERCENT

PAY YOUR LOAN IN FULL
BY DEPOSITING THIS AMOUNT WITHIN
10 DAYS OF STATEMENT DATE

1,288.77

Student's Name

This space is available for messages

(left)

(right)

Name of Institution

Type of Loan

Street Address

City, State, Zip

THIS STATEMENT
REFLECTS ACTIVITY
THROUGH

11/30/76

TOTAL AMOUNT DUE

95.29

Acct. or Loan Number

ACCOUNT NUMBER

MAKE CHECK PAYABLE TO

Name of Student

Street Address

City, State, Zip

Name of Institution

Type of Loan

Street Address

City, State, Zip

DATE PAID

AMOUNT PAID

DETACH HERE

- WRITE YOUR ACCOUNT NUMBER ON THE CHECK.
- TO ENSURE PROPER CREDIT RETURN THIS PORTION WITH YOUR REMITTANCE
- INDICATE ADDRESS CHANGE ON ENVELOPE.
- DO NOT SEND CASH



DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
OFFICE OF EDUCATION
BUREAU OF STUDENT FINANCIAL ASSISTANCE
WASHINGTON D.C. 20202

AMOUNT OUTSTANDING	ANNUAL INTEREST PERCENTAGE RATE
\$	%

REFER TO YOUR SOCIAL SECURITY NO
IN ANY CORRESPONDENCE

WARNING

YOUR ACCOUNT HAS REACHED A STATE OF EXTREME DELINQUENCY

If you do not contact this office IMMEDIATELY, your account may be referred to the United States Attorney or a private collection agent in your area.

LOCAL

IN STATE

OUT OF STATE

WHEN TELEPHONING ABOUT YOUR ACCOUNT ASK FOR SECTION #

ADDRESS ALL REPLIES TO

OE FORM 526 (REV. 8-78)

Sample Final Demand Letter for Guaranteed Student Loans

Name
Address

Date

Dear _____:

The Guaranteed Student Loan Program allows a lender to default a loan to the _____
(Guarantee Agency) if the loan becomes 90 days past due. This does not
relieve you of this obligation, but it does give the responsibility of collection to _____
(Guarantee Agency) to use whatever means they might have at their dis-
posal. In addition, we are required to report the default to the local credit bureau where it
would become a part of your credit record.

It is with regret that I find it necessary to use this action on your account. However, our
records show that \$_____ is due and that you have taken no positive
action to bring your accounts current.

The option to accelerate maturity of your notes is exercised at this time because of your
failure to comply with the terms and conditions contained therein. The entire unpaid bal-
ance of principal (\$_____) and interest (\$_____) in the aggregate
amount of \$_____, is herewith demanded by no later than (month/day/year).
A self-addressed envelope has been provided for your use in sending your check. Please
make your check payable to _____ and send it today.

Sincerely,

Name
Title
Telephone Number

Enclosure

**Sample Final Demand Letter for National Defense,
Health Professions and Nursing Student Loans**

Name
Address

Date

Dear _____ :

The _____ (type of loan) _____ allows an institution to refer accounts to a collection agency if the accounts become _____ days past due. Failure to do so could result in the termination of the program at that institution for failure to use "due diligence."

It is with regret that I find it necessary to use this action on your account. However, our records indicate that \$_____ is due and that you have taken no positive action to bring your account current.

Therefore, if payment is not received, or if arrangements have not been made with us within fifteen (15) days from the date of this letter, your account will be referred for collection. This could result in the total unpaid balance being due immediately as agreed to when you signed your note. A self-addressed envelope has been provided for your use in sending your check. Please make your check payable to _____.

This is your final notice requesting repayment.

Sincerely,

Name
Title
Telephone Number

Enclosure



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION

BUREAU OF STUDENT FINANCIAL ASSISTANCE
WASHINGTON D.C. 20202

AMOUNT OUTSTANDING	ANNUAL INTEREST PERCENTAGE RATE
\$	%

REFER TO YOUR SOCIAL SECURITY NO
IN ANY CORRESPONDENCE

NOTICE

If your defaulted Guaranteed Student Loan account is not paid within

48 HOURS

this office is prepared to proceed against you and all other responsible debtors WITHOUT FURTHER NOTICE.

LOCAL	IN STATE	OUT OF STATE
WHEN TELEPHONING ABOUT YOUR ACCOUNT ASK FOR SECTION #		
ADDRESS ALL REPLIES TO		

Loan Collector's Guide

Telephone Procedure

1. Identify borrower.
2. Tell borrower who is calling.
3. State purpose of call.
4. Establish reason for delinquency.
5. Get a definite commitment from borrower.
6. Keep a written record of all arrangements.

Be courteous, firm, and business-like at all times. Remember: to every defaulted borrower, YOU are _____

(Name of School)

The Responsibilities of a Collector are to:

- A. Exhaust all possible means of contacting every defaulted borrower.
- B. Complete each contact with a definite understanding and commitment by the borrower.
- C. Follow up promptly and decisively on every promise made by a borrower.
- D. Note all information that will be of future use in handling the account.
- E. Refer to Supervisor all cases where satisfactory arrangements cannot be made or where there is doubt as to the proper course of action to be taken.

Sources of Funds for Repayment of Loans

1. Borrow from:
 - A. Friends
 - B. Parents
 - C. Other family members
 - D. Employer
 - E. School
 - F. Church
 - G. Credit Union
 - H. Bank
 - I. Savings and Loan Associations
 - J. Labor or Trade Unions
 - K. Professional Associations
 - L. Life insurance policy
 - M. Master Charge Account
 - N. BankAmericard
 - O. Finance Company
2. Consolidation of loans
3. Sell car—other possessions
4. Take 2nd, 3rd, or 4th mortgage
5. Cash savings bonds
6. Use savings
7. Pawn shop
8. Part-time job
9. Wife or husband go to work
10. IRS refund

**BORROWER
CLAIMS
PAYMENT
MADE**

1. How was payment made? In person? By mail? Was statement stub returned?
2. When was payment made?
3. How much was paid?
4. Why wasn't payment made on time?
5. Is payment schedule satisfactory?
6. Discuss next payment date and importance of paying on time to preserve credit rating.
7. Keep a record of all conversations with borrower.

ON ALL BORROWER CONTACTS

**Be Courteous
Be Firm
Keep on Business Basis**

PROMISE

1. Review previous payments and promises.
2. Does record indicate a promise can logically be accepted?
3. Find out why the defaulted borrower is delinquent. Why he or she cannot pay now.
4. In taking promise, find out HOW, WHEN, WHERE, and HOW MUCH borrower will pay.
5. Be sure in your mind that the promise can be kept.
6. If there is any doubt as to the source of the money, ask the borrower where he or she is getting it.
7. Don't take a distant promise—insist on payment as soon as possible—no later than next payday.
8. Before closing, review with the borrower the date, amount, and manner of the promised payment. Ask him or her to come to us in the future rather than waiting until we call. Stress that future payments must be made on time.

BROKEN
PROMISE

1. Do not accept a new promise until you have explored the reasons for the broken one.
2. Find out why the borrower did not notify you when he or she couldn't keep promise.
3. Tell him or her what we now expect—strive for immediate action on his or her part.
4. Be sure borrower understands that we are not interested in promises that cannot be kept.
5. Imply that he or she is damaging his or her credit image which may prove to be a severe handicap later on.
6. Be certain that your new promise accepted from this borrower is a firm one that you have explored completely and that you are satisfied will bear fruit.
7. You are in a position to be much more firm when the borrower has already broken a promise he or she made personally to you.

IT IS THE POLICY OF THIS OFFICE NEVER TO THREATEN BORROWERS. THREATS MAY OFTEN LEAD TO LEGAL SANCTIONS AGAINST THE COLLECTOR AND THE SCHOOL. MAKE ONLY STATEMENTS OF FACT THAT YOU KNOW ARE TRUE AND THAT YOU WILL BE ABLE TO FOLLOW THROUGH ON.

BORROWER
NOT HOME

1. Get as much information as possible from person answering phone.
2. Do not reveal the nature of your business to a third party.
3. Find out when borrower will be home.
4. Don't rely on a small child to relay your message. In most such cases—call back.
5. Leave a message for the borrower to call you at a definite time.
6. Under no circumstances leave any threatening messages or make any promises you cannot keep.
7. If borrower is all too frequently "not home," consider that he or she may be avoiding your call and that other means of contact may be necessary.

CHRONIC
DELINQUENT

1. Never let the borrower think we can be stalled. Therefore, do not let borrowers brush you off with a fast promise. Make it be a qualified statement on his or her part that has credence and that you are willing to accept.
2. Relate the importance of paying on time.
3. If you feel that you are getting nowhere on curing the delinquency—refer to your Supervisor for suggestions.
4. Chronic delinquents comprise the bulk of your workload. Every one of these accounts that you can collect to a current status allows you to spend more time on the other serious problems confronting you.
5. Remember—a chronic delinquent requires much firmer handling than the borrower who is delinquent only occasionally.

ILLNESS

1. Does borrower have any other compensation?
2. If other member of the family is ill—how does this justify holding up payments to us?
3. If this a cause of delinquency or an excuse for not paying?
4. If there is a definite loss of income, do the circumstances justify an extension?
5. Before closing, determine why borrower did not let us know about the problem before we were forced to contact him or her.

UNEMPLOYED

1. OUT OF WORK! WHY? HOW LONG?
2. Does borrower get unemployment insurance and how much can he or she pay out of this? How soon?
3. What are prospects for future employment?
4. Can he or she borrow payment from friends or relatives, cash bonds, life insurance policy, savings account?
5. Does the borrower have back pay coming?
6. Does the borrower qualify for an extension?
7. Why didn't the borrower let us know?
8. Get the borrower into office to work out solution if necessary. Don't close without a definite arrangement for action on the part of the borrower.
9. Is spouse employed? If so, will not this permit making the payment?

BANKRUPTCY

1. Obtain details from the court or from the bankrupt's attorney.
2. If the identity of the court or the attorney is not known to you, obtain *this information only* from the bankrupt personally.
3. Refer to your supervisor on how to proceed further.

REQUEST FOR
EXTENSION

1. Establish that the need for extension is genuine. If the account is delinquent, this will take in the reason for delinquency.
2. Where finances are strained temporarily, a brief extension may be the answer if the reasons justify it. In some cases an actual extension may not be needed. Where the borrower needs 2 weeks, for example, we can handle on a promise basis providing future payments can be paid on time.
3. Do not grant extensions indiscriminately! Consider borrower's past payment record. Correctly used they represent a good adjustment tool. Misused, they can be a poor excuse for not collecting on an account.
4. On all requests for extension where there is cause for doubt—consult with your Supervisor.

EXTENSIONS ARE NEVER TO BE USED TO SIMPLY REMOVE A DELINQUENT FROM THE PAST DUE REPORT.

1ST PAYMENT
DELINQUENT

1. Why was late notice ignored?
2. Let borrower know that "We expect him (or her) to contact us." This is a poor way to start off a new account.
3. Find out if schedule is satisfactory and tell borrower that we are going to insist that he or she live up to it.
4. Your handling of a 1st payment delinquency is very important! It can determine the pattern of borrower's paying for the entire balance of the obligation.
5. Close with a definite understanding on this payment and future payments.

GET THE BORROWER OFF TO A PROPER START. SAVE YOURSELF REPEATED HANDLING IN THE FUTURE.

BORROWER
DECEASED

1. Advise that the borrower's obligation to repay the loan will be forgiven when we receive a death certificate.
2. Follow up to obtain death certificate.

COMPLAINT
RE:
SCHOOL

1. Advise borrower that the school is accredited by a national accrediting association.
2. Listen to borrower complaints and request that they be set down in writing for investigation. Stress that regardless of these complaints, the loan must be repaid.
3. Insist that borrower pay on the account while the complaint is being investigated.
4. If a refund is due, obtain borrower's consent to have the refund applied to the delinquent account.
5. Do not judge the "innocence or guilt" of the borrower or the school.
6. Refer account to your supervisor if you are unable to work out a repayment agreement.

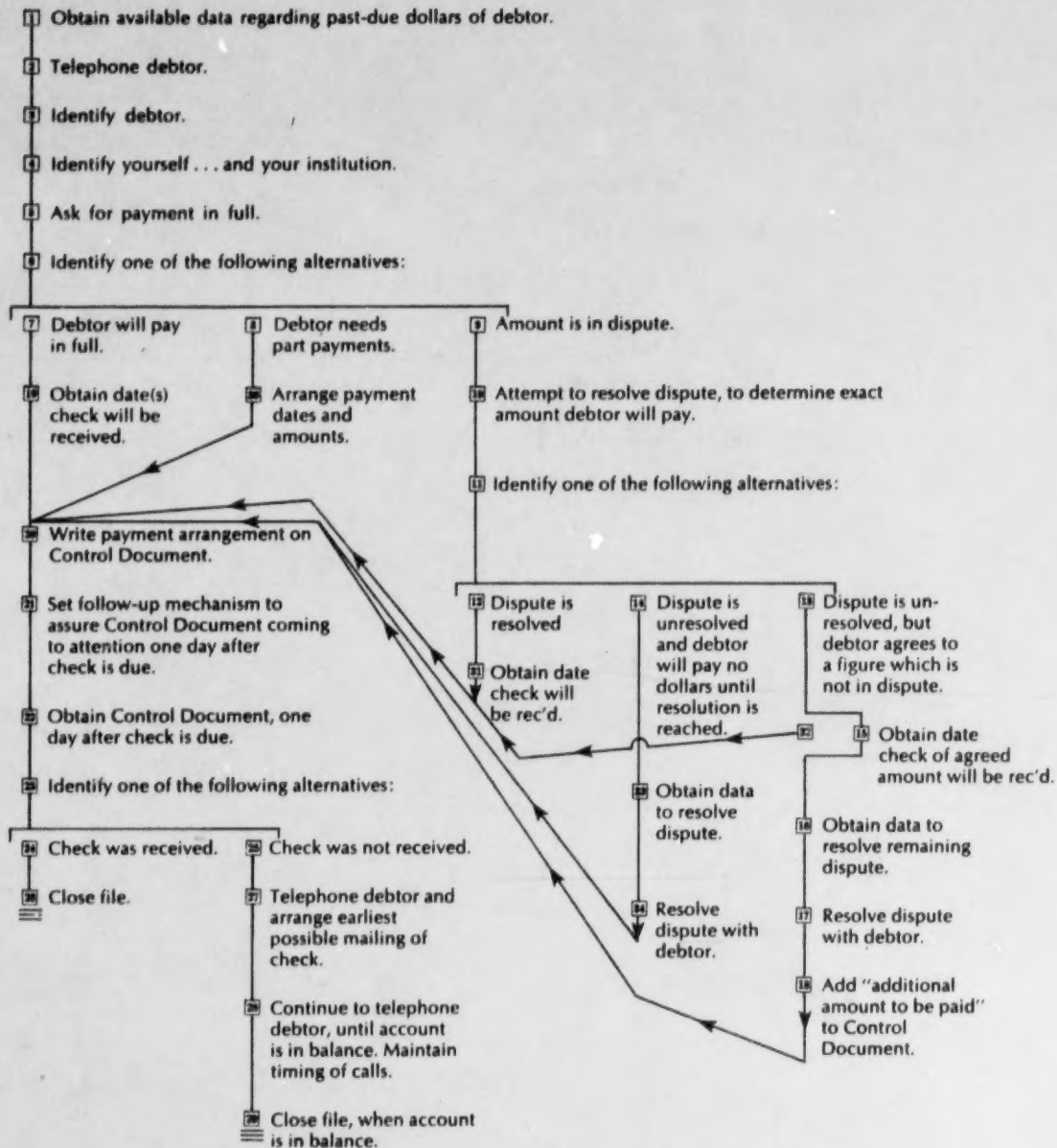
SUSPENSIONS

A delinquent borrower may be eligible for deferment.
A deferment may be granted for the following reasons.

1. *Active Duty*—U.S. Armed Forces, Peace Corps, full-time VISTA. Obtain certification of status from borrower's commanding officer or supervisor. Be sure to obtain information relative to date of termination of service.
2. *Borrower enrolled in school*—Obtain certification of status from school for EACH term. Be sure exact dates are shown. Determine expected completion date. (On GSL advise borrower of ineligibility for further loans until defaulted loan is repaid in full.)
3. *Hardship*—
 - A. Repayment may be suspended when the borrower suffers temporary financial hardship. Suspensions are subject to review on a 30 to 90 day basis. When a suspension is approved, advise the borrower when it will expire and insist that contact be made with you prior to the expiration date to establish a repayment schedule or justify continued suspension.
 - B. Possible reasons for hardship suspension:

Unemployment
On Welfare
Emergency Expenses
Illness

Collection Flow Chart



Sample Letter of Disbursements and Receipts

(for use on an account being placed with an attorney for litigation)

Dear Sirs:

Please consider the following a statement for the account of (name of borrower)
 , Account Number :

DATE	BORROWED	PAID		BALANCE
		Prin.	Int.	
9/66	333.00			333.00
1/67	333.00			666.00
3/67	334.00			1,000.00
6/67	333.00			1,333.00
9/67	333.00			1,666.00
1/68	333.00			1,999.00
1968-69	TC*	299.85	14.56	1,699.15
1969-70	TC*	299.85	49.24	1,399.30
4/70		57.97		1,341.33
1/71		37.85	20.12	1,303.48
9/71		202.54	29.34	1,100.94
12/71		49.71	8.26	1,051.23
3/72		50.08	7.89	1,001.15
6/72		101.68	14.26	899.47

* Teacher Cancellation

Interest at 3% per year began on MM/DD/YY, and has accumulated to \$26.14.
 If legal action is necessary, the total amount of \$925.61 will be required.

Sincerely,

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE OFFICE OF EDUCATION WASHINGTON, D.C. 20202				FORM APPROVED O.M.B. NO. 51-R1225				
ASSIGNMENT OF DEFAULTED NOTE(S)								
The borrower named below was issued a National Defense/Default Student Loan(s) authorized under Section 464, 20 U.S.C. 1087 dd, of Title IV, Part F, of the Higher Education Act of 1965, as amended. The Loan(s) now is (are) in default two years or more despite due diligence on the part of the lending institution and is (are) being assigned to the United States without recompense as provided under Section 463(d), 20 U.S.C. 1087 cc.								
NAME AND ADDRESS OF INSTITUTION (Include number, street, city, State and ZIP code)						SERIAL NUMBER (CSGB)		
ADDRESS (Include number, street, city, State and ZIP code)						ENTITY NUMBER (EN) 1-		
ADP USE 1A001		NAME OF BORROWER			SOCIAL SECURITY NO.		BIRTH DATE (Month, Day & Year)	
1A002		ADDRESS (Include number, street, city, State and ZIP code)			PREVIOUS ADDRESS(ES)			

NDSL NOTE(S)							
ADP USE	DATE OF NOTES (a)	PRINCIPAL AMOUNT OF NOTE(S) (b)	PRINCIPAL AMOUNT REPAYED OR CANCELLED (c)	PRINCIPAL AMOUNT IN DEFAULT (d)	DEFAULT DATE(S) (e)	INTEREST DUE (f)	PRINCIPAL AND INTEREST DUE (g)
1B001		\$	\$	\$		\$	\$
1B002		\$	\$	\$		\$	\$
1B003		\$	\$	\$		\$	\$
1B004		\$	\$	\$		\$	\$
1B005	TOTALS	\$	\$	\$		\$	\$

FEDERAL STATUTE OF LIMITATIONS DATE	
COLLECTION EFFORTS DUE DILIGENCE	1. WAS THIS CLAIM LITIGATED? ☐ YES ☐ NO (go to item 2) IF "YES" WAS JUDGEMENT RECEIVED? ☐ YES ☐ NO (go to item 2) If "Yes" attach judgement document. 2. WAS THIS NOTE(S) REFERRED TO A COLLECTION AGENCY? ☐ YES ☐ NO (go to item 3) If "Yes", attach detailed records of collection activities of the agency such as telephone calls, personal contact and correspondence. 3. WERE COLLECTION ACTIVITIES PERFORMED BY YOUR INSTITUTION? ☐ YES ☐ NO If "Yes" see instructions

DEMAND LETTERS (Dates)	TELEPHONE CALLS (Dates)	SKIP TRACE (IRS or other)	PERSONAL CONTACTS (Dates)

4. REMARKS

CERTIFICATION BY INSTITUTIONAL REPRESENTATIVE		
TYPED NAME OF CERTIFIED REPRESENTATIVE	SIGNATURE	DATE
TYPED TITLE	TELEPHONE NUMBER	

ATTACHMENTS SHOWING FINANCIAL STATUS OF BORROWER

☐ **COMMERCIAL CREDIT REPORT** ☐ **DEBTOR FINANCIAL STATEMENT** ☐ **INSTITUTIONAL INVESTIGATION**

INSTRUCTIONS AND DEFINITION OF TERMS

GENERAL - A separate form must be completed for each borrower whose loan is in default despite the exercise of due diligence and whose promissory note is being assigned to the United States Government. If the **ORIGINAL** promissory note is not available, a copy designated as "**CERTIFIED TRUE COPY**" and signed by an authorized official of your institution will be accepted. Enter all amounts in dollars and cents.

SERIAL NUMBER - Enter only the **LAST FOUR** digits of the document number which identified awards issued to your institution as it appears on your NDSL, CWS, and/or SEOG funding letter for the 1977-78 Award Period.

ENTITY NUMBER - Enter the nine-digit employer identification number assigned by the Internal Revenue Service, and the two-digit suffix assigned by the DHEW Central Registry System.

NAME OF BORROWER - The borrower's full name - last, first and middle.

ADDRESSES - Current address and all prior known addresses. Use separate sheet if necessary.

DATE OF NOTE(S) - Use the date of the last advance or, if multiple notes that constitute a single repayment schedule are involved, use the date of the last note that expresses the month, day and year it was executed, e.g., 08/27/71.

PRINCIPAL AMOUNT OF NOTE(S) - The **total** principal amount lent as it appears on the face of the note. Multiple notes that constitute a single repayment schedule are to be totalled and reported as one item in line 1B001. **DO NOT LIST INDIVIDUAL ADVANCES.** Submit proof of any late charge assessments that were added to the principal.

PRINCIPAL AMOUNT REPAID OR CANCELLED - Include cash payments and teacher and military cancellations.

PRINCIPAL AMOUNT IN DEFAULT - The principal amount due and collectible which has not been paid or cancelled. If the institution has invoked the optional acceleration provision, the principal amount in default in Column (d) of the grid on this form would then be Column (b) minus Column (c).

DEFAULT DATE(S) - Enter the day following the date on which a payment was due and not made. This date must be at least two years before the date of this assignment.

PRINCIPAL AND INTEREST DUE - Column (d) plus Column (f).

FEDERAL STATUTE OF LIMITATIONS - Date of assignment to the United States Government, as entered in Certification section of this form, plus six years.

COLLECTION EFFORTS - DUE DILIGENCE - No loan note may be assigned to the United States Government unless there is reasonable proof that the institution has exercised due diligence in making collection. Attach all documents pertaining to any collection efforts marked "yes" in items 1, 2 or 3 of Form 553. The activities matrix (Demand Letters, Telephone Calls, Skip Trace and Personal Contacts) need not be completed if the supporting documentation is being submitted. However, if the documentation cannot be submitted, the activities must be completed and you must "certify" in item 4 that due diligence has been exercised on the account. In addition, please indicate in item 4 if the account was handled by a billing service and, if so, the name of the billing service.

ATTACHMENTS SHOWING FINANCIAL STATUS OF BORROWER - Check appropriate box and attach report or statement.

Borrower Account Tracing Check Sheet

Date _____

Borrower's Full Name _____

Last Known Temporary Address _____

Last Known Permanent Address _____

Date items checked or
rechecked _____

A. Office: Start on first indication that communications fail to reach borrower.

1. Was returned mail correctly addressed? (yes) (no) _____
2. Check borrower's address with loan application, exit interview form, and previous correspondence. _____
3. Did the Post Office furnish a new address? Any information? (yes) (no) _____
4. Try phone number. If new number is furnished, ask Telephone Company Locator Service to give address. _____
 - a. Ask Telephone Company Information for number. _____
 - b. Try long distance person-to-person call. _____
5. If co-endorser on note, bill him for payment and ask for borrower's address. _____
6. Phone borrower's mother, father, relatives. _____
7. If married, phone spouse's mother, father, relatives. _____
8. Phone last-known employer. _____
9. Send letters to all relatives, references, and employer (provide form for information desired and a stamped addressed return envelope.) _____
10. Send letters to appropriate leads furnished on exit interview form. (Gas & Oil Credit Card—Charge-a-Plates—Insurance Companies, etc.) _____

B. Campus:

1. Contact Dean's Office of college from which borrower graduated or withdrew. _____
2. Registrar's Office: It is assumed transcripts and all college services were stopped when account became past due. _____
 - a. Write parents or guardian shown on admission application. _____
 - b. Write references on admission application. _____
 - c. Write high school principal on admissions transcript. _____
3. Contact Alumni Office. _____
4. Contact Placement Office. _____
5. Contact Major Department Head or Major Professor. _____
6. Contact Dean of Men and Dean of Women. _____
7. Contact Development Office. _____
8. Contact Guidance or Counseling Office. _____
9. Contact Chaplain's Office. _____
10. Check College yearbook for activities. _____
 - a. Contact advisors of appropriate clubs (music, dramatics, debate, press, letterman's, art, athletics, fraternities, sororities, etc.) _____

C. Off-Campus:

1. Business. _____
 - a. Contact Driver's License Agencies. _____
 - b. Contact Armed Services. _____

Date items checked or
rechecked

- | | | |
|---|-------|-------|
| c. Merchants Retail Credit Association. | _____ | _____ |
| d. Oil and Gasoline Credit Card Issuers. | _____ | _____ |
| e. Charge-a-Plate Issuers at last known address. | _____ | _____ |
| f. Local bank in home community. | _____ | _____ |
| g. Professional and Graduate Schools. | _____ | _____ |
| h. Contact institutions to which transcripts have been sent. | _____ | _____ |
| i. Contact Internal Revenue Service District Office in State of last residence. | _____ | _____ |
| 2. Legal. | | |
| a. Contact Chief of Police. | _____ | _____ |
| b. Contact Sheriff's Office. | _____ | _____ |
| c. Contact City Attorney or State Attorney General. | _____ | _____ |
| D. Professional Associations (as appropriate): | | |
| 1. American Bar Association. | _____ | _____ |
| 2. American Medical Association. | _____ | _____ |
| 3. American Dental Association. | _____ | _____ |
| 4. State Licensing Bureaus. | | |
| (1) Medical. | _____ | _____ |
| (2) Dental. | _____ | _____ |
| (3) Teaching. | _____ | _____ |
| (4) Nursing. | _____ | _____ |
| 5. National and State Education Associations. | _____ | _____ |
| 6. American Institute of Public Accountants. | _____ | _____ |
| 7. National League of Nursing. | _____ | _____ |
| 8. Society of Architects. | _____ | _____ |
| 9. Labor Unions. | _____ | _____ |
| 10. Engineers Council. | _____ | _____ |
| 11. Pharmacists. | _____ | _____ |
| E. Miscellaneous: | | |
| 1. When did borrower leave last address? | _____ | _____ |
| 2. Try leading stores or business in original hometown. | _____ | _____ |
| 3. Check with other possible creditors. | _____ | _____ |
| 4. Lodge, church, or social affiliations. | _____ | _____ |
| 5. Military reserve activity. | _____ | _____ |
| 6. Check litigation, prosecution and divorce records. | _____ | _____ |
| 7. If any real estate, check local Tax Assessor and Tax Collector. | _____ | _____ |
| 8. Check with previous employers. | _____ | _____ |
| 9. Check with hometown insurance agents. | _____ | _____ |
| 10. Check with hometown investigation agencies. | _____ | _____ |
| 11. Check family pastor. | _____ | _____ |
| 12. Check elementary school principal. | _____ | _____ |

IF NECESSARY, START FROM THE BEGINNING AND RE-EXAMINE ALL LEADS.

NDSL Cancellations

Teaching

With respect to teaching, several terms or phrases need to be defined:

- *Academic year or its equivalent* for an elementary or secondary school teacher or a teacher of handicapped children in a public or nonprofit private elementary or secondary school system means either a school year or two complete and consecutive half years from different school years, excluding summer sessions, generally falling within a twelve-month period.

- *Academic year or its equivalent* for teachers in institutions of higher education means the equivalent of two semesters, two trimesters, or three quarters, generally falling within a twelve-month period.

- *Elementary school* means a school that provides elementary education (including education below grade one), as determined under state law, or, if that school is not in any state, as determined by the Commissioner of the U.S. Office of Education.

- *Handicapped children* means children who are mentally retarded, hard of hearing, deaf, speech-impaired, visually handicapped, seriously emotionally disturbed, or otherwise health-impaired who require special education and related services for that reason.

This definition of "handicapped children" is taken directly from the statute. As the definition does not specifically include either crippled children or children with learning disabilities, whether or not persons in either of these categories meet the definition of "handicapped children" depends on the severity of their impairment within the context of the present definition. The term "special education" does not necessarily mean education of the handicapped, although it often does. For example, a remedial program for teaching slow learners may be classified as special education yet not meet the definition of "handicapped." When in doubt, the institution should request a job description from the employer to determine whether or not a borrower is a teacher of the handicapped.

- *Local educational agency* means a board of education or other legally constituted local school authority having administrative control and direction of public elementary or secondary schools in a city, county, township, school district, or political subdivision in a state, or any other public institution or agency having administrative control and direction of a public elementary or secondary school.

- *Secondary school* means a school that provides secondary education as determined under state law, or, if the school is not in any state, as determined by the Commissioner. However, secondary education does not include any education provided beyond grade twelve.

- *State educational agency* means the state board of education or other agency or officer in a state

primarily responsible for the supervision of public elementary and secondary schools. If there is no such officer or agency, this term means an officer or agency designated by the governor or by state law.

- *Teacher* means a person engaged in providing direct and personal services to students to further their educational development. This term includes only professional personnel engaged in classroom instruction or curricular-supportive activities. Personnel engaged in curricular-supportive activities include school librarians and guidance counselors but do not include any supervisor, researcher, or curriculum specialist unless he or she is engaged primarily in providing direct and personal services to students.

A teacher in an institution of higher education does not include any person engaged in teaching elementary or secondary education unless that person is teaching a program of remedial education specifically designed to prepare high school graduates for postsecondary education.

- *Title I children* means children between the ages of five and seventeen (inclusive) coming from families with adjusted gross annual incomes below \$3,000.

A borrower applies for cancellation on a form supplied by the lending institution. The form must be completed and filed by the due date established by the institution. If the borrower fails to file the completed form by the due date, the institution must follow the procedures set forth in the billing procedure for contacting the borrower. If the borrower still fails to submit the form, the institution may determine that the loan is in default and require immediate repayment of the entire unpaid principal balance of the loan, plus accrued interest and penalty charges.

The determination of a borrower's entitlement to cancellation must be made by the institution to whose fund the loan is payable.

An institution may refuse to grant cancellation for teaching service performed in two or more institutions concurrently if it is administratively difficult for it to determine that the borrower's service was full-time. However, it must grant cancellation if a single official of the school system or institution that employed the borrower certifies that the work was performed under his or her direct or general supervision and constituted full-time employment for an academic year.

Certain provisions that applied to the National Defense Student Loan Program were eliminated with the 1972 amendments which created National Direct Student Loans. Therefore, the teacher cancellation provisions for the two types of loans are different.

The following provisions apply to Defense Loans:

1. Loans awarded between 1958 and June 30, 1972: cancellation at 10 percent per year up to 50 percent of amount borrowed for full-time

teaching in a public elementary or secondary school. All interest for the same period is also canceled.

2. Loans awarded between July 1, 1964 and June 30, 1972: cancellation at 10 percent per year up to 50 percent of amount borrowed for full-time teaching in an overseas Armed Forces of the United States dependents elementary or secondary school or for full-time teaching in federal elementary or secondary schools such as schools operated by the Bureau of Indian Affairs of the Department of the Interior. All interest is canceled.
3. Loans awarded between July 1, 1965 and June 30, 1972: cancellation at 10 percent per year up to 50 percent of amount borrowed for full-time teaching in a private nonprofit elementary or secondary school or in an institution of higher education. Cancellation at the same rate is extended to prekindergarten teaching if such teaching is considered part of the elementary education. All interest is canceled.
4. Loans awarded between July 1, 1966 and June 30, 1972: cancellation at 15 percent per year up to 100 percent for service as a full-time teacher in a public or other nonprofit elementary or secondary school if the school is in the school district of a local educational agency that is eligible in that year for funds under Title I of the Elementary and Secondary Education Act of 1965 and has been determined by the Commissioner to be a school in which there is a high concentration of students from low-income families.

The Commissioner may not select more than 25 percent of the eligible schools in a state for any year unless all of the schools selected are schools where the enrollment of Title I children, using a low-income factor of \$3,000, exceeds 50 percent of the total enrollment of that school. For this purpose, low-income families are those families whose adjusted gross income is not more than \$3,000.

The Commissioner lists schools based on a ranking of schools submitted by the state educational agency. Schools are ranked on the basis of objective standards and methods, approved by the Commissioner, which take into account the number and percentages of students from low-income families in attendance in those schools. For each academic year the Commissioner notifies participating institutions of the schools selected. All interest is canceled.

5. Loans awarded between July 1, 1967 and June 30, 1972: cancellation at 15 percent per year up to 100 percent for service as a full-time teacher of handicapped children in a public or other nonprofit elementary or secondary school system. All interest is canceled.

The National Defense Student Loan Program was

amended effective July 1, 1972, when it became the National Direct Student Loan Program. The following provisions apply to Direct Loans awarded after June 30, 1972:

A borrower may cancel the entire amount of any loan plus the interest thereon for service as a full-time teacher in a public or other nonprofit elementary or secondary school that is in the school district of a local educational agency eligible for funds under Title I of the Elementary and Secondary Education Act of 1965 and that has been determined by the Commissioner to be a school in which the enrollment of Title I children, using a low-income factor of \$3,000, exceeds 30 percent of the total enrollment of that school. However, the Commissioner cannot select more than 50 percent of the schools in that state receiving assistance under Title I.

If more than 50 percent of the schools in a state qualify, the Commissioner lists schools for which cancellation is permitted from among those eligible schools based on a ranking of schools by the state educational agency. Schools are ranked on the basis of objective standards and methods, approved by the Commissioner, which take into account the number and percentages of Title I children in those schools. For each academic year the Commissioner notifies participating institutions of the schools selected.

A borrower may cancel his or her entire loan for service as a full-time teacher of handicapped children in a public or other nonprofit elementary or secondary school system.

A borrower qualifying for cancellation may cancel his or her Direct Loan at the following rates: 15 percent of the total amount of the loan plus interest for each of the first and second complete academic years or their equivalent of teaching service, 20 percent of the total amount of the loan plus interest for each of the third and fourth complete academic years or their equivalent of such teaching service, and 30 percent of the total amount of the loan plus interest for the fifth complete academic year or its equivalent of such teaching service.

If the borrower is receiving cancellation for teaching in a low-income school, the school must be listed in the Federal Register. Different criteria are used in selecting low-income schools between the National Defense and the National Direct Student Loan programs. Therefore, the following codes are used in the Federal Register:

Code 1 — Schools having more than 30 percent low-income enrollment and falling within the state's 25 percent allowance. Cancellation for both National Defense and National Student Direct Loans.

Code 2 — Schools not exceeding 30 percent low-income enrollment but falling within the state's 25 percent allowance. Cancellation for National Defense Student Loans only.

Code 3 — Schools having more than 30 percent low-income enrollment but not falling within the state's 25 percent allowance. Cancellation for National Direct Student Loans only.

Regardless of the type of teaching, a borrower qualifies for cancellation only if he or she is a full-time teacher for a complete academic year or its equivalent in a curricular or curricular-supportive type of job and initiates the request for cancellation.

Head Start

The Head Start program is the preschool program carried out under section 222(a) (1) of the Economic Opportunity Act of 1964.

A borrower whose loan was made after June 30, 1972 is entitled to cancel the entire amount of his or her loan plus interest for service as a full-time staff member in a Head Start program if the program is operated for a period comparable to a full school year in the locality and if the borrower's salary as a full-time staff member is not more than the salary of a comparable employee of the local educational agency in the area served by the Head Start program.

A full-time staff member includes any person regularly employed in a professional capacity on a full-time basis in carrying out the educational component of a Head Start program.

The loan is canceled at the rate of 15 percent of the total amount of the loan, plus interest, for each complete school year or its equivalent of eligible service.

Military

A borrower may cancel up to 50 percent of any National Defense Student Loan made after April 13, 1970 but before July 1, 1972, plus interest, for service after June 30, 1970 as a member of the armed forces of the U.S. This includes any individual who is on full-time active duty in the U.S. Army, Navy, Air Force, Marine Corps, or Coast Guard. The loan is canceled at the rate of 12½ percent of the total amount of the loan, plus interest, for each year of consecutive service.

A borrower may cancel up to 50 percent of any National Direct Student Loan, plus interest, for service as a member of the armed forces of the U.S. in an area that qualifies for special pay under section 310 of title 37 of the United States Code. The loan is canceled at the rate of 12½ percent of the total amount of the loan, plus interest, for each year of qualifying service.

A borrower's entitlement to a deferment of repayment (under the deferment provisions) runs concurrently with any periods for which the cancellation entitlement has been granted.

Death

Any National Defense or National Direct Student Loan, plus interest, will be canceled on the death of the borrower. A determination as to whether cancellation is warranted must be made by the institution to whose fund the borrower is indebted on the basis of a certificate of death or other official proof that is conclusive under state law.

In most cases a parent or relative provides the institution with a copy of the death certificate on request. A copy can also be obtained from the Department of Public Health, Office of Vital Statistics, in the state in which the death occurred. The fee is normally \$3.00 and may be charged to the fund as other collection costs. Information normally required is the year of death, the name of the deceased, and the place of death (that is, township, village, city, or county). Date of birth, parent's name, and deceased's last known address are also good identifying factors.

No reimbursement is made to an institution for cancellation of loans because of death.

Death cancellations apply retroactively to all National Defense and National Direct Student Loans whenever made.

Permanent and Total Disability

Any National Defense or National Direct Student Loan, plus interest, is canceled if the borrower becomes permanently and totally disabled after receiving the loan. A determination as to whether cancellation is warranted must be made by the lending institution on the basis of medical evidence supplied by the borrower or his or her representative.

"Permanent and total disability" means the inability to work and earn money because of a medically determinable impairment, if that impairment is expected to continue for an indefinite period of time, or to result in death.

The processing of permanent and total disability cancellation requests by reason of claimed permanent and total disability no longer requires approval of the Commissioner. The August 24, 1978 issue of the Federal Register permits the lending institution to determine a borrower's eligibility for cancellation, based on the medical evidence supplied by the claimant or the representative. (Forms 1172 and 1172-1 are no longer available.) Institutions must make this decision based on medical evidence requested by or submitted to the institution.

No reimbursement is made to an institution for cancellation of loans because of permanent and total disability.

Bankruptcy

An institution must refrain from collection activity with respect to a loan if the borrower is adjudicated a bankrupt and the loan has been discharged. How-

ever, no loan may be written off until an official notice of the discharge in bankruptcy has been received by the institution. This notice of discharge usually can be obtained from the Bankruptcy Court about six months after the first meeting of creditors. That notification must be kept in the file of the borrower to support the write-off entry. If the institution receives any payment from a borrower after the loan has been discharged, it must deposit the payment into its fund. Loans that have been discharged in bankruptcy are considered to be in default for purposes of determining eligibility for assistance under all three campus-based programs.

No reimbursement is made to an institution for cancellation of loans because of bankruptcy.

The Bankruptcy Reform Act signed by President Carter on November 8, 1978 (PL 95-598, 11 USC §101) takes effect on October 1, 1979. That act provides that the individual debtor shall not be discharged from any debt to a governmental unit or a nonprofit institution of higher education for an educational loan unless "such loan first became due before five years before the date of the filing of the petition or excepting such debt from discharge under this paragraph will impose an undue hardship on the debtor and the debtor's dependents. . . ."

Health Professions and Nursing Student Loan Cancellations

Death

On the death of a borrower, the unpaid balance of his or her loan and accrued interest thereon is canceled. The institution may not attempt to collect on the loan from an endorser or from the borrower's estate.

To claim cancellation, the executor of the borrower's estate must submit to the school a death certificate or such other official proof as is conclusive under state law. The institution retains such proof for audit purposes and is reimbursed, as appropriate, by the Bureau of Health Manpower for its portion of the canceled loan.

Disability

A borrower is entitled to cancellation of the indebtedness in the event of permanent and total disability. "Permanent and total disability" is defined as being unable to engage in any substantial gainful activity because of a medically determinable impairment that is expected to continue for a long and indefinite period of time or to result in death. Such a determination is made by the Secretary of the Department of Health, Education and Welfare (HEW) on the recommendation of the institution, supported by such medical certification relating to the borrower's disability as may be required. The institution should not attempt to collect on the loan from the borrower or endorser once there is reason to believe that a borrower has become totally and permanently disabled.

To claim cancellation for disability, a borrower should submit a formal request to the institution indicating the following six items: date entered, date graduated, or date studies were terminated; total amount of loans obtained; amount of unpaid balance; nature and date of onset of the disability; employment prior to disability; and medical examinations and/or treatment, with names of doctors and/or hospitals.

The borrower is required to consent in writing for the release of pertinent information on the disability from any physician, hospital, or institution having such medical records, to the institution and to the Division of Physician and Health Professions Education as needed to determine eligibility for cancellation of the loan.

The institution should then forward to each physician a copy of the claimant's signed consent for release of information, requesting a medical report and explaining the general provisions of the program pertaining to cancellation of a loan on the ground of the borrower's permanent and total disability. The report should be sufficiently detailed to provide for comprehensive review to determine the nature, duration, and extent of impairment.

The institution should then forward its recommendation, accompanied by medical certification, to the Division of Physician and Health Professions Education for review and final determination by the Secretary of HEW. The school will be formally notified of the Secretary's decision. Such notification should be retained in the student's school file as a permanent record for audit and other review purposes.

Bankruptcy

When a borrower files for bankruptcy, further pursuit of collection is not permitted. However, the institution must file a claim with the bankruptcy court stating the amount of the outstanding debt, including interest. If the institution has a legal basis for objecting to discharge of the debt, a statement to that effect must also be filed with the court.

To claim cancellation for bankruptcy, the school must have received the notice to creditors and the discharge of bankruptcy from the bankruptcy court. This discharge usually can be obtained approximately six months after the first meeting of the creditors. This discharge verification must be kept by the institution as official proof of the cancellation.

Service or Practice

If a Health Professions Student Loan borrower practices in a shortage area or if a Nursing Student Loan borrower is employed as a registered nurse, cancellation may be granted according to the following provisions:

Health Professions Student Loans

Eligibility

To be eligible for such loan cancellation, a borrower must have received Health Professions Student Loans prior to November 18, 1971; be licensed to practice medicine, osteopathy, dentistry, or optometry; practice his or her profession in a designated shortage area for twelve consecutive months; and have the appropriate state health authority certify that his or her practice is helping to meet the need for such professional services. A borrower who wants to use the forgiveness benefit is responsible for initiating action to establish eligibility for and claim entitlement to cancellation of loan instalment payments.

50 Percent Cancellation

If a borrower, in accordance with Health Professions eligibility requirements, practices in a designated shortage area and the appropriate state health authority certifies that such practice has helped to meet the area's need for health services, he or she

is entitled to cancellation of up to 50 percent of the amount of his or her loan that is unpaid on the first day of such practice, plus accrued interest, at the rate of 10 percent of such unpaid amount for each complete year of such practice.

100 Percent Cancellation

If a borrower, in accordance with Health Professions eligibility requirements, practices in a shortage area that has been determined by the Secretary of HEW, pursuant to regulations and after consultation with the appropriate state health authority, to be a rural area characterized by low family income, such borrower is entitled to cancellation of up to 100 percent of the amount of his or her loan that is unpaid on the first day of such practice, plus accrued interest, at the rate of 15 percent of such unpaid amount for each complete year of such practice.

Procedures

A borrower who intends to apply for cancellation for practicing in a designated shortage area may obtain information on shortage areas from HEW's "List of Designated Shortage Areas." However, in order to receive cancellation of such loans in accordance with provisions in effect prior to November 18, 1971, the borrower must first contact the appropriate state health authority to request "assurance" that practice in a specific area will entitle him or her to cancellation of Health Professions Student Loans at the end of a complete year of such practice.

All forms necessary for cancellation, as well as lists of shortage areas, have been provided to each participating institution. The forms needed and their purposes are:

- *Request for Assurance.* A borrower, licensed to practice medicine, osteopathy, dentistry, or optometry, and intending to apply for cancellation, obtains information on designated shortage areas from the appropriate state health authority or the institution from which the loan was obtained; selects a shortage area for the establishment of his or her practice; and seeks assurance for the selected area by submitting a Request for Assurance to the appropriate state health authority. The validated assurance guarantees the borrower that after twelve continuous months of practice in the designated area he or she will qualify for loan cancellation, even if the area ceases to be designated as a shortage area.

An assurance for an area should not be requested more than six months in advance of the date the borrower plans to begin practicing in the area. Assurances expire eight months from the date of issuance unless practice is begun and the state health authority is notified. Should a borrower find that he or she cannot begin practice before the assurance expires, he or she may be provided with an extension of time, if extension is considered appropriate by the state health authority.

The state health authority should be notified if the borrower decides not to practice in a shortage area for which he or she had been granted an assurance.

- *Notice of Practice.* To claim entitlement to loan cancellation, a borrower must notify the state health authority and the Division of Physician and Health Professions Education of the date he or she began providing professional services in the area by filing a Notice of Practice in shortage area. A borrower practicing in an area before it was designated a shortage area will be credited with practice, for purposes of cancellation, from the date of designation as a shortage area.

The notification must be submitted to the state health authority and the Division of Physician and Health Professions Education before the assurance expires. So long as a borrower practices continuously in the area and files a Notice of Practice annually (not later than two weeks from the borrower's anniversary date of beginning practice in the area), he or she retains eligibility for cancellation of the appropriate amount of a loan, even though the area may cease to be designated as a shortage area.

The state health authority should be notified immediately upon the borrower's termination of practice in a shortage area so that the assurance for that area may be granted to another applicant.

- *Request for Partial Cancellation of Loan.* At the end of each year of practice, a borrower requests certification of his or her eligibility for loan cancellation by submitting a Request for Partial Cancellation of Loan to the state health authority, which then forwards the certified request to the lending school in order that partial cancellation may be effected.

A borrower practicing in a shortage area during the grace period follows the same procedure.

After receiving the Request for Partial Cancellation of Loan, with the state health authority's certification that a borrower has met all requirements for entitlement to such cancellation, the lending institution determines the amount of principal and interest to be canceled. The "List of Designated Shortage Areas" should be checked to verify the appropriate rate of cancellation (for example, 10 percent per year or 15 percent per year). The institution then credits the borrower's account for the amount of principal and interest canceled and completes Part III of the form, returning one copy to the borrower and forwarding one copy to the Division of Physician and Health Professions Education.

One copy of the form must be retained by the institution to support accounting entries made at the time the cancellation is effected. This process is repeated on completion of each year of eligible practice for which the borrower requests cancellation.

When the amount canceled is less than the required annual payment, the borrower must submit

a check or money order in the amount of the difference to the school at the time he or she submits the Request for Partial Cancellation of Loan to the state health authority.

The institution determines the amount to be canceled by establishing the loan's base amount, to which the 10 percent for practice in a shortage area, or the 15 percent for practice in a rural shortage area, is applied. The base amount of a loan is the amount of principal actually owed by the borrower on the first day of his or her practice in a shortage area (that is, the first day he or she is available to begin providing professional service to the public), or the amount he or she would owe at that time had all repayments due under the terms of the note been made, whichever is less. For example, if the total amount of a borrower's Health Professions Loan is \$1,000 and the borrower repays \$100 before beginning practice in a shortage area that would entitle him or her to claim cancellation at the rate of 10 percent per year for each complete year of such practice, the base amount of the loan is \$900 up to 50 percent of the total unpaid amount of the loan may be canceled (\$450) at the rate of 10 percent per year (\$90 per year) for each complete year of service.

The base amount remains fixed for the duration of the repayment period, even though the borrower may discontinue his or her practice in the area and, at a later date, begin practicing in the same or another shortage area. The first day of practice in a shortage area is the first day of the first complete year of practice on which cancellation for professional practice may be predicted.

A borrower who is entitled to cancellation of 10 or 15 percent of the base amount of a loan is also entitled to cancellation of all interest that has accrued on the unpaid balance of the loan during the twelve months of practice in the shortage area.

Nursing Student Loans

Eligibility

A borrower is entitled to have a portion of his or her Nursing Student Loan or Loans canceled for full-time employment as a registered nurse in accordance with the provisions described here. Alternatively, a borrower may enter an agreement with the Secretary of HEW to serve in a shortage area. Eligible employment during the grace period entitles the borrower to cancellation but does not extend the length of the grace period.

To be eligible for cancellation of a portion of his or her Nursing Student Loan or Loans, a borrower must be licensed as a registered nurse by the state in which he or she is employed, or have completed steps necessary to such registration; be employed full-time as a registered nurse in a public or nonprofit private agency, institution, or organization, including neighborhood health centers; and be in

such employment for a complete year, which is generally defined as twelve consecutive months. For those persons holding teaching positions or other registered nurse positions within school systems, a complete year would be the complete academic year of the school in which he or she is employed. In no case should a position requiring less than thirty hours of duty during a regular work week be considered sufficient to qualify as "full-time."

Loans Made Prior to November 18, 1971

Borrowers with Nursing Student Loans made prior to November 18, 1971 may receive or continue to receive cancellation of such loans in accordance with provisions in effect before that date, as outlined here:

50 Percent Cancellation

A borrower employed full-time as a registered nurse (including teaching in any of the fields of nurse training and service as an administrator, supervisor, or consultant in any of the fields of nursing) in any public or nonprofit private institution or agency, is entitled to cancellation of up to 50 percent of the total amount of the borrower's Nursing Student Loan or Loans, plus interest, at the rate of 10 percent of the total amount of such loan, plus interest, that was unpaid on the first day of such employment for each complete year of eligible employment.

100 Percent Cancellation

A borrower employed full-time as a registered nurse in a public or other nonprofit hospital in any area determined by the Secretary of HEW to have a substantial shortage of such nurses is entitled to cancellation of up to 100 percent of the total amount of the borrower's Nursing Student Loan or Loans, plus interest, at the rate of 15 percent of the total amount of such loan, plus interest, that was unpaid on the first day of such employment for each complete year of such eligible employment.

Loans Made After November 17, 1971

A borrower who received a Nursing Student Loan or Loans after November 17, 1971 is entitled to receive cancellation of up to 85 percent of any such loan when employed full-time as a registered nurse (including teaching in any of the fields of nurse training and service as an administrator, supervisor, or consultant in any of the fields of nursing) in a public or nonprofit private agency, institution, or organization, including neighborhood health centers, at the rate of 15 percent of the amount of such loan, plus interest, that was unpaid on the first day of such employment for each of the first, second, and

third complete years of such employment and 20 percent of such unpaid amount, plus interest for each fourth and fifth year of such employment.

Procedures

In order to receive cancellation for service as a registered nurse, the borrower must, at the end of a complete year of eligible employment, submit two copies of the Request for Partial Cancellation of Loan to the institution that made the loan. The form includes a certification of employment by the employing agency, which the borrower must obtain before forwarding the form to the lending institution, where cancellation is effected at the appropriate rate. When the institution has entered the amount of principal and interest canceled, a copy of the form is returned to the borrower for his or her records. When a borrower is determined eligible for cancellation of his or her Nursing Student Loan or Loans for full-time employment, the institution determines the amount to be canceled by establishing the base amount of the loan and the interest that has accrued during the period of service for which cancellation benefits are to be provided. The annual rate of cancellation is applied to the base amount.

The base amount of a loan is the amount of principal actually owed by the borrower on the first day of employment as a full-time registered nurse eligible for cancellation, or the amount he or she would owe at that time had all repayments due under the terms of the note been made, whichever is less. For example, if the total amount of a borrower's Nursing Student Loan is \$1,000 and the borrower repays \$100 before beginning employment as a registered nurse, he or she is entitled to claim cancellation at the rate of 15 percent per year for the first three complete years of such employment (for Nursing Student Loans made after November 17, 1971) and the base amount of the loan is \$900. Up to 85 percent of the total loan may be cancelled (\$850.) at the rate of 15 percent of the base amount for each complete year of employment (\$135. per year). Had the borrower not repaid \$100. before beginning employment, he or she would have had the advantage of cancellation on a base amount of \$1,000, at an annual rate of \$150. per year for the first three years of eligible employment, and 20 percent of the base

amount (\$180.) per year for each of the fourth and fifth complete years of such employment.

The base amount remains fixed for the duration of the repayment period, even if the borrower leaves nursing service and at some later date resumes employment as a professional nurse. The first day of employment is the first day of the first complete year of employment that qualifies for cancellation.

For loans made prior to November 18, 1971, the annual cancellation rate is 10 percent of the base amount for each year of eligible employment up to 50 percent of the total Nursing Student Loan or 15 percent of the base amount for each year of eligible employment at a public or other nonprofit hospital determined to have a substantial shortage of nurses, up to 100 percent of the total amount of Nursing Student Loans.

Under these provisions in effect for loans made prior to such a date, a borrower with a reduced base amount could receive cancellation up to the maximum allowable (but not 100 percent) by engaging in eligible employment for a longer period of time than would normally be required. For example, canceling up to 50 percent of a Nursing Student Loan at the rate of 10 percent per year with no reduced base amount would be accomplished within five years. With a reduced base amount, the borrower could continue in eligible employment for as long as necessary until up to 50 percent of the total original Nursing Student Loan had been canceled.

Under the provisions for canceling up to 85 percent of loans made after November 17, 1971, if a borrower makes prepayments before beginning employment eligible for cancellation, resulting in a reduced base amount on which the annual rate of cancellation is based, he or she cannot take advantage of the 85 percent maximum allowable under the program. The statutory rates of 15 percent of the base amount for each of the first three years of employment and 20 percent of the base amount for each complete fourth and fifth year of such service do not provide for cancellation beyond the fifth year of employment.

A borrower who is entitled to cancellation of Nursing Student Loans is also entitled to cancellation of all interest that accrued on the unpaid balance of the loan during the twelve months of employment as a registered nurse.

GSL Cancellations

Death

If a borrower dies, the obligation to make any further payment of principal and interest on the GSL is canceled. The lender may not attempt to collect on the loan from an endorser. The lender may make a determination that a borrower has died on the basis of a death certificate or such other official proof as is conclusive under applicable state law. If a death certificate or other official proof is not available, the borrower's obligation on a loan may be canceled on account of death only on a determination by the guarantee agency on the basis of such other evidence of death as it may deem conclusive. The lender returns any payments received from the estate of the borrower, or paid on behalf of the borrower, after the determination of death is made. The lender is reimbursed by filing a death claim and providing the necessary evidence of death. The claim must be filed within sixty days after the lender determines that the borrower is deceased.

Disability

If the borrower becomes totally and permanently disabled the obligation to make any further payments of principal or interest on guaranteed loans is canceled. "Totally and permanently disabled" is defined as being unable to engage in any substantial gainful activity because of a medically determinable impairment that is expected to continue for a long and indefinite period of time or to result in death. The lender may not attempt to collect on the loan from the borrower or an endorser once there is reason to believe that a borrower has become totally and permanently disabled. The guarantee agency determines whether a borrower has become totally and permanently disabled on the basis of current (that is, no older than four months before the date of submission of the request for cancellation) medical evidence, supplied by the lender (obtained from the borrower or the borrower's representative) on forms provided or approved by the guarantee agency. Any payments received by the

lender after the lender has reason to believe that the borrower is totally and permanently disabled, but before the guarantee agency has made such a determination, must be retained by the lender and later returned to the borrower if it is determined that the borrower is totally and permanently disabled. Any payments received by the lender from, or on behalf of, the borrower after the determination has been made must also be returned. The lender may be reimbursed by filing a disability claim and providing documentation to substantiate the cancellation. The claim must be filed within sixty days after the lender is notified by the guarantee agency of its determination that the borrower is totally and permanently disabled.

Bankruptcy

When a borrower files for bankruptcy, further pursuit of collection is not permitted. However, the lender must file a claim with the bankruptcy court stating the amount of the outstanding debt, including interest. If the lender has a legal basis for objecting to the discharge of the debt, a statement to that effect must also be filed with the court. To be reimbursed by the guarantee agency, a lender must file a bankruptcy claim accompanied both by copies of a proof of claim filed by the lender with the bankruptcy referee and any other pertinent correspondence directed to, or received from, the referee in bankruptcy by the lender and by a statement as to any objections to the discharge in bankruptcy of which the lender may be aware. If, after the lender has filed a bankruptcy claim that has been paid or is pending, the lender determines that the borrower has been adjudicated a bankrupt, the lender should not file a proof of claim with the bankruptcy referee but instead should promptly forward to the guarantee agency the notice of the first meeting of creditors. Because timing is of utmost importance in bankruptcy proceedings, a claim must be filed with the guarantee agency within thirty days after the lender receives the notice of the first meeting of creditors from the bankruptcy referee.

NDSL Deferments

Student Status

When the borrower is carrying, at an institution of higher education or at a comparable institution outside the U.S. approved for this purpose by the Commissioner of Education, at least one-half the normal full-time academic workload as determined by the institution, installments of principal need not be paid and interest does not accrue.

Military

For not more than three years during which the borrower is a member of the armed forces of the U.S., installments of principal need not be paid and interest does not accrue.

Peace Corps

For not more than three years during which the borrower is in service as a volunteer under the Peace Corps Act, installments of principal need not be paid and interest does not accrue.

VISTA

For not more than three years during which the borrower is a VISTA volunteer under Title I-Part A of the Domestic Service Act of 1973 P. L. 93-113 (formerly Title VIII of the Economic Opportunity Act of 1964), installments of principal need not be paid and interest does not accrue.

The above periods for student status, military, Peace Corps, and VISTA may not be included in determining the ten-year repayment period.

Extraordinary Circumstances

If a borrower is unable, due to extraordinary circumstances, such as prolonged illness or unemployment, to make a scheduled repayment, he or she may apply to the lending institution for a revision of the schedule. The institution may revise the schedule; however, a revision that extends the repayment period beyond ten years must first be approved by the Commissioner. Regulations state that interest on deferments granted for extraordinary circumstances continues to accrue and must be paid by the borrower.

If an institution elects the minimum monthly repayment rate and the borrower is unable, due to

extraordinary circumstances, to make a payment when due, the institution may, on application from the borrower, defer the borrower's repayments or revise the repayment schedule for a period of not more than one year. If, at the end of that period, the borrower is still unable to repay the loan at the minimum monthly rate, the institution may, after re-evaluating the borrower's financial situation, defer or revise the repayment schedule for another period of not more than one year.

The institution may not grant the relief described without the approval of the Commissioner if the revision or deferment would result in a repayment period longer than ten years.

It is obvious that HEW would like more institutions to make use of extraordinary circumstance deferments. In discussing the new regulations, and in particular the due diligence section, OE stated that the purpose of the phone call before the use of collection agency was to find out whether the borrower's reason for not responding is financial hardship, such as prolonged illness or unemployment. If it is, the borrower should be given a "hardship deferment." The institutions should have some means of knowing if a hardship deferment is needed or if the request is a stall. Each institution should request needed information on a form like the one shown in Appendix 6:21b.

An extraordinary circumstance deferment should not be given unless the institution has reason to believe that the debtor will pay. These deferments are not to be used merely as a means of removing delinquencies. The debtor should be notified of the institution's action regarding the request on a form like the one in Appendix 6:21c.

Less than Half-Time Attendance

For defense loans, the institution may provide that installments need not be paid during any period or periods, aggregating up to three years, during which the borrower is in attendance as less than a half-time student taking courses creditable toward a degree in an institution of higher education. The institution may also exclude those periods in computing the ten-year repayment period. Interest, however, continues to accrue.

Requests for this type of deferment may be made on a regular student deferment form. However, the words "at least a half-time" should be changed to "less than half-time."

Request for Hardship Deferment

Name _____ Account Number _____
 (First) (M. I.) (Last)

I request a hardship deferment on my _____ (Type) Student Loan. I understand that all information and supporting documents given will be held in strictest confidence and will not be subject to dissemination outside the requirements of _____. I also understand that, if granted, this hardship deferment is for no more than six months duration. I understand that interest continues to accrue during hardship deferment.

1. Social Security No. _____
2. Date of Birth _____
3. Date continuous unemployment began _____
 Mo./Yr.
4. Status:
 _____ Single _____ Widow(er)
 _____ Married _____ Separated or Divorced
5. Check and complete one of the items below:
 _____ I have never been employed
 _____ I have received the maximum allowable unemployment benefits
 _____ I did not work long enough to be eligible for unemployment benefits
 _____ I am receiving weekly unemployment benefits of \$ _____
6. Dependents:

Relationship	Age
_____	_____
_____	_____
_____	_____
_____	_____
7. I am receiving monthly public assistance in the amount of \$ _____
8. My monthly expenses are:
 Rent or Mortgage \$ _____
 (Cross out one)
 Utilities _____
 Food _____
 Car _____
 Other _____
 Total \$ _____
9. My savings account balance is \$ _____
10. My checking account balance is \$ _____
11. Spouse's net monthly income \$ _____
12. If single and living with parents, parents combined net monthly income \$ _____
13. If separated or divorced, monthly support income \$ _____
14. I am a widow(er) and am receiving \$ _____ a month from my spouse's estate, social security, veterans benefits, etc.
15. Total other income \$ _____
 (Itemize on back of form)

I have other outstanding liabilities totalling \$ _____ not listed above. (Please itemize these on the back of this form)

Please use the back of this form in conveying any circumstances that you feel would have a bearing on your request for hardship deferment not covered above.

I CERTIFY THAT ALL STATEMENTS MADE ABOVE ARE TRUE AND CORRECT. I ALSO CERTIFY THAT I WILL IMMEDIATELY NOTIFY YOUR OFFICE OF ANY CHANGE IN MY EMPLOYMENT STATUS OR SIGNIFICANT CHANGE IN MY FINANCIAL PICTURE.

Signature _____

Date _____

Sample Letter Responding to Request for Hardship Deferment

Dear Borrower:

Your Request for Hardship Deferment has been received and the following determination has been made concerning your request:

- ____ 1. FULL HARDSHIP DEFERMENT IS GRANTED THROUGH _____
Mo. Yr.

Interest will continue to accrue during this deferment period. Any change in your employment status or significant change in your financial picture must be immediately transmitted to this office during this time.

- ____ 2. PARTIAL HARDSHIP DEFERMENT IS GRANTED THROUGH _____
Mo. Yr.

In reviewing your current financial situation, as indicated on your request, it has been determined that you can make \$_____ a month remittance until such time that your financial situation improves. Interest will continue to accrue during this partial deferment. Any change in your employment status or significant change in your financial picture must be immediately transmitted to us.

- ____ 3. YOUR REQUEST FOR HARDSHIP DEFERMENT IS DENIED.

A review of your current fiscal situation indicates that you should be able to make your regular payments without creating any undue hardship. \$_____ is currently due on your account, which must be received in this office within fourteen (14) days.

Sincerely yours,

Health Professions and Nursing Student Loan Deferments

Student Status

When a borrower ceases to pursue a full-time course of study at a health professions school but re-enters the same or another health professions school within the grace period, payments of principal are not required as long as he or she remains a full-time student. In addition, the borrower is still eligible for a grace period beyond the time he or she again ceases to be a full-time student. A grace period consists of twelve consecutive, not cumulative, months (thirty-six months if the loan was granted prior to July 1, 1969).

The borrower must complete a deferment form, provided by the institution, indicating the period of student status. The form is then certified by the registrar's office and returned to the lending institution.

When the borrower ceases to pursue an eligible course of study at a school of nursing leading to a diploma or associate degree in nursing, a baccalaureate degree in nursing or an equivalent degree, or a graduate degree in nursing, but re-enters the same or another such school within the nine-month grace period (for loans made after June 30, 1969), or the one-year grace period (for loans made prior to July 1, 1969), repayment of the loan may be deferred. An eligible course of study after November 17, 1971 is at least half-time course of study in nursing. Prior to November 18, 1971, only a full-time course of study in nursing was an eligible course of study.

The borrower remains eligible for his or her grace period beyond the time he or she again ceases to be at least a half-time student, since the borrower is entitled to nine consecutive months of grace.

Borrowers who re-enter the same or another nursing school after the grace period has expired must meet the scheduled repayments when due, unless they are qualified for deferment because they are pursuing advanced professional training.

The borrower must complete a deferment form, provided by the institution, indicating the period of student status. The form must be certified by the registrar's office and returned to the lending institution.

Uniformed Service

Deferment, not to exceed three years, may be granted while the borrower is a member on active duty in the uniformed services of the U.S. (Army, Navy, Marine Corps, Air Force, Coast Guard, National Ocean Survey, Public Health Service). Such service performed during the grace period does not extend the length of the grace period.

A deferment form must be completed by the borrower, certified by the commanding officer, and returned to the institution before deferment can be

granted. Repayment resumes immediately on release from active duty or at the end of the three-year period, whichever comes first.

Peace Corps

Deferment, not to exceed three years, may be granted while the borrower is in service as a volunteer under the Peace Corps Act. Service performed during the grace period does not extend the length of the grace period.

A deferment form must be completed by the borrower, certified by a Peace Corps official, and returned to the institution before deferment can be granted. Repayment resumes immediately after release from the Peace Corps or at the end of the three-year period, whichever comes first.

Advanced Professional Training

Health Professions Student Loans

If a borrower pursues advanced professional training, deferment may be granted according to the criteria set forth here. Advanced professional training includes internship and residency programs and/or full-time training, beyond the first professional degree, of at least one academic year that is provided by an accredited institution or an affiliate thereof and that advances the borrower's knowledge of and strengthens his or her skills in the health profession for the study of which he or she received the loan. The program provides for three separate criteria in extending deferment for advanced professional training:

- For loans made on or after November 18, 1971, there is no limitation on periods of advanced professional training during which repayment may be deferred.

- For loans made before November 18, 1971, but after June 30, 1969, deferrable periods of advanced professional training are limited to five years.

- For loans made before July 1, 1969 (which have a three-year grace period), periods up to a total of five years of advanced professional training performed after June 30, 1969 may be deferred when requested by the borrower and agreed to by the institution that made the loan and the Secretary of HEW, provided that in no case may the total length of the periods so excluded from the repayment period and the grace period exceed six years. For purposes of this provision, the Secretary of HEW agrees that periods that meet the definition for advanced professional training and do not exceed the specified time limits be deferred from a borrower's repayment period. The institution should apply its policy in granting such deferments consistently for all borrowers.

Service performed during the grace period does not extend the length of the grace period.

A deferment form must be completed by the borrower, certified by an authorized official at the place of the advanced professional training, and then returned to the school before deferment can be granted. Repayment resumes immediately after completion of the advanced professional training.

Nursing Student Loans

For loans made before July 1, 1969, all periods during which the borrower is pursuing a full-time course of study at a collegiate school of nursing leading to a baccalaureate degree in nursing or an equivalent degree, or a graduate degree in nursing, are deferrable. For loans made after June 30, 1969, periods up to five years during which the borrower is pursuing a full-time course of study at a collegiate school of nursing leading to a baccalaureate degree in nursing or an equivalent degree, or a graduate degree in nursing, or is otherwise pursuing advanced professional training in nursing, are deferrable.

"Otherwise pursuing advanced professional training in nursing" encompasses only full-time training, beyond the first diploma or degree in nursing received by the particular borrower, of at least one academic year that is provided by an accredited institution or its affiliate, and that advances the borrower's knowledge of and strengthens his or her skills in the provision of nursing services.

A deferment form must be completed by the borrower, certified by an authorized official at the place of the advanced professional training, and then returned to the lending institution before deferment can be granted. Repayment resumes immediately on completion of the advanced professional training.

It is the responsibility of the borrower seeking deferment of repayment of a loan to assure that the properly executed form is forwarded to the school from which the loan was made at each of the following times: when the first repayment installment is due, annually thereafter as long as deferment status is claimed, and on termination of deferment status.

GSL Deferments

Student Status

If a borrower, after leaving at least half-time study at an eligible institution and having exhausted the grace period, returns to the same or another institution of higher education to pursue a full-time course of study, payments of principal need not be made by the borrower. Interest continues to accrue and must be paid by the borrower unless he or she is eligible for interest benefits, in which case interest is paid by the government. Repayment resumes the month after the borrower again leaves full-time student status.

If the borrower ceases to be at least a half-time student and returns to the same or another eligible institution of higher education within the grace period, he or she needs only to enroll as at least a half-time student to qualify for deferment. In this case, the borrower's account is to be treated as though he or she never left school; the first payment is due nine to twelve months after he or she again ceased to be at least a half-time student.

In the first case, the borrower completes a deferment form or other documentation indicating the period of student status. The form is then certified by the registrar's office and returned to the lender. In the second case, a deferment form or other documentation would not be required since the grace period would not have expired.

Military

A borrower is eligible for a deferment of not more than three years while a member on active duty in the armed forces of the U.S. (Army, Navy, Air Force, Marine Corps, or Coast Guard). There must be documentation of the validity of the request for deferment. The borrower should complete a deferment form which must be certified by the commanding officer and returned to the lender before the deferment can be granted. Other documentation, such as a written communication from a responsible official or a written communication from the borrower, that indicates a military address is also acceptable. Repayment resumes immediately after release from active duty or at the end of the three-year period, whichever comes first. During this deferment, interest continues to accrue and must be paid by the borrower or billed to the government if the borrower qualifies for interest benefits.

Peace Corps

A borrower is eligible for a deferment of not more than three years while in service as a volunteer under the Peace Corps Act. The borrower should

complete a deferment form, which must be certified by the Peace Corps Office and returned to the lender before the deferment can be granted. Other documentation is also acceptable. Repayment resumes immediately after completion of Peace Corps service or at the end of the three-year period, whichever comes first. Interest continues to accrue and must be paid by the borrower or billed to the government if the borrower qualifies for interest benefits.

VISTA

A borrower is eligible for a deferment of not more than three years while in service as a full-time volunteer under Title I of the Domestic Volunteer Service Act of 1973. The borrower should complete the proper deferment form which must be certified by the VISTA Office and returned to the lender before deferment can be granted. Repayment resumes immediately after completion of VISTA service or at the end of the three-year period, whichever comes first. Interest continues to accrue and must be either paid by the borrower or billed to the government if the borrower qualifies for interest benefits.

Unemployment

A borrower is eligible for a deferment during a single period of not more than twelve months while he or she is actively seeking and unable to find full-time employment. This deferment is to be granted at the borrower's request, but must be substantiated by documentation of the unemployment and the fact that permanent, full-time employment is being actively sought. Documentation includes a certified statement by the borrower setting forth details of the active effort being made to seek employment and an agreement to inform the lender when employment begins.

Since unemployment is for a single period—that is, the borrower can take advantage of the provision only once—it should be granted for the full period but terminated as soon as employment begins, even if it occurs before the maximum twelve-month deferment period has elapsed. Failure to provide the required documentation allows the lender to terminate the unemployment deferment.

Interest continues to accrue and must be paid by the borrower or be billed to the government if the borrower qualifies for interest benefits.

Where repayment of a loan is deferred because of student, military, Peace Corps, VISTA, or eligible unemployment status, the period of deferment is not included in the minimum and maximum periods allowed for repayment of the loan.

Conditions for Health Professions and Nursing Student Loan Repayment by the Government

Service in a Designated Shortage Area

The Comprehensive Health Manpower Training Act of 1971 revised the Health Professions Student Loan Program to provide that the Secretary of HEW may enter into an agreement with an individual who has received a degree of doctor of medicine, doctor of dental surgery or an equivalent degree, doctor of osteopathy, doctor of optometry or an equivalent degree, doctor of podiatry or an equivalent degree, bachelor of science in pharmacy or an equivalent degree, or doctor of veterinary medicine or an equivalent degree to repay a portion of his or her Health Professions Student Loan and any other education loans received for the costs of attending a school of medicine, dentistry, optometry, pharmacy, or podiatry. Effective October 12, 1976 the Secretary repays only Health Professions Student Loans; other educational loans are not repaid.

In return, the individual agrees to practice his or her profession for a period of at least two consecutive years in a state determined by the Secretary, after consultation with the appropriate state health authority, to have a shortage of and need for persons trained in his or her profession. The borrower must agree to spend all, or substantially all, of his or her professional time during such period providing services to the population within the shortage area in which he or she agrees to serve.

The Nurse Training Act of 1971 revised the Nursing Student Loan Program to provide that the Secretary may enter into an agreement with an individual who has received a diploma in nursing, associate degree in nursing, baccalaureate degree in nursing or equivalent degree, or a graduate degree in nursing to repay a portion of his or her Nursing Student Loan and any other educational loans received for the costs of attending a school of nursing. In return, the individual agrees to serve full-time as a registered nurse for a period of at least two consecutive years in a state determined by the Secretary, after consultation with the appropriate state health authority, to have a shortage of and need for such nurses.

An individual serving in a shortage area may enter a two-year agreement or a three-year agreement whereby portions of his or her educational loans that are determined to be eligible for repayment under such an agreement, and that are outstanding at the beginning of the period of service as specified in such agreement, are to be repaid as each loan installment falls due, with an additional payment at the end of the period of service under the agreement to bring the total payment by the Secretary to the following amounts:

- On completion of the second year of practice as specified in the agreement, 60 percent of the prin-

cipal, plus interest, of the loan outstanding on the date practice began is repaid.

- On completion of a third year of such practice, an additional 25 percent, up to 85 percent, of the principal, plus interest of each loan is repaid.

The borrower must submit to the Secretary of HEW annually a report containing information specified by the Secretary regarding the service in the shortage area and must inform the Secretary immediately of any change of address or if he or she ceases to serve in the shortage area as specified in the agreement.

If the borrower fails to complete two years of service in the shortage area pursuant to the agreement, he or she is liable to reimburse the Secretary for any payments of principal and interest made on his or her behalf. If the borrower fails to complete a third consecutive year of service in the shortage area, he or she is liable to reimburse the Secretary for any payments of principal and interest made on his or her behalf for the third year of such service under the terms of the agreement. Payments of such reimbursements are immediately due and payable to the Secretary.

The Secretary's authority to enter into agreements is discretionary, subject to the availability of funding for this provision, the individual's eligibility to enter such an agreement, and the reasonableness of the educational loans for which repayment is being requested.

This manual is not intended to provide detailed information concerning this agreement between borrowers and the Secretary of HEW. Information on such factors as eligibility for entering an agreement, procedures for application, determination of eligible loans to be repaid, and methods of making repayments is provided in the materials included in an "Application to Enter Agreement Kit." Included in the kit is a handbook of information entitled "Entering an Agreement To Practice In a Shortage Area," a "Request to Enter Agreement," and a "Disclosure and Confirmation of Educational Loan," with joint instructions and a sample agreement.

Failure to Complete Course of Study

An applicant is considered to have failed to complete the course of study leading to his or her first professional degree for which an eligible educational loan was made on certification by a health professions school that the individual ceased to be enrolled in such school after November 17, 1971.

An applicant is considered to have failed to complete the course of study in nursing for which an eligible educational loan was made on certification

by a school of nursing that the individual ceased to be enrolled in such school after November 17, 1971.

Exceptionally Needy Circumstances

An applicant is considered to be in exceptionally needy circumstances if, on comparison of the income and other financial resources of the applicant with his or her expenses and financial obligations, the Secretary determines that repayment of such loan would constitute a serious economic burden on the applicant. In making such determination the Secretary takes into consideration the net financial assets of the applicant and the relationship of the income available to the applicant to the low-income levels published annually by the Secretary.

Low-Income or Disadvantaged Family Background

An applicant is considered to be from a low-income family if he or she comes from a family with an annual income below a level based on low-income thresholds by family size published by the U.S. Bureau of the Census, adjusted annually for changes in the Consumer Price Index and multiplied by a factor to be determined by the Secretary for adaption to this program, and if the family has no substantial net financial assets. Such factor and income levels as adjusted are published annually by the Secretary in the Federal Register.

An applicant is considered to be from a disadvantaged family if he or she comes from a family in which the annual income minus unusual expenses that contribute to the economic burdens borne by the family does not exceed the low-income levels published by the Secretary pursuant to the preceding paragraph of this section, and if the family has no substantial net financial assets.

Failure to Resume Studies

Loan repayment is considered for a borrower who has not resumed, or cannot reasonably be expected to resume, the study of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, or podiatry within a period of two years following the date upon which the borrower ceased to pursue the course of study for which the loan was made. An applicant will be considered as not having resumed his or her health professions studies within two years following the date he or she ceased to be a student on a certification so stating from the applicant; and an applicant will be considered as not reasonably expected to resume his or her health professions studies within two years following the date on which he or she terminated such studies based on consideration of the reasons for the applicant's failure to complete these studies, taking into account such factors as academic, medical, or financial difficulties.

Loan repayment is also considered for a borrower who has not resumed, or cannot reasonably be expected to resume, such nursing studies within a period of two years following the date on which the maker ceased to pursue the course of study for which the loan was made. An applicant is considered as not having resumed his or her nursing studies within two years following the date the individual ceased to be a student on a certification so stating from the applicant; and an applicant is considered as not reasonably expected to resume his or her nursing studies within two years following the date on which he or she terminated such studies based on consideration of the reasons for the applicant's failure to complete these studies, taking into account such factors as academic, medical, or financial difficulties.

NOTE: The Secretary repays only educational loans made after November 17, 1971.

NAME AND ADDRESS OF SCHOOL	PERIOD COVERED BY THIS REPORT	SCHOOL I.D. NUMBER
	JULY 1, 19 ____ THROUGH JUNE 30, 19 ____	

SECTION III

1. STUDENT LOAN PROGRAM

☐ FEDERAL CAPITAL CONTRIBUTION FUND

☐ FEDERAL CAPITAL LOAN (RF) FUND

2. FINANCIAL REPORT	CUMULATIVE FROM BEGINNING (LOANS ONLY)	CURRENT FISCAL YEAR
A. FEDERAL FUNDS AUTHORIZED	\$	\$
B. CASH BALANCE BEGINNING THIS FISCAL YEAR		
C. CASH RECEIPTS		
1. FEDERAL FUNDS RECEIVED/RECEIVABLE		
2. INSTITUTIONAL CONTRIBUTIONS DEPOSITED		
3. TRANSFER FROM SCHOLARSHIP FUND		
4. LOAN PRINCIPAL COLLECTED		
5. INTEREST INCOME COLLECTED ON LOANS		
6. OTHER INCOME (Specify)		
7. TOTAL CASH RECEIPTS (C.1 through C.6)	\$	\$
D. CASH AVAILABLE (B. Plus C.7)	\$	\$
E. CASH DISBURSEMENTS		
1. LOAN TO STUDENTS	\$	\$
2. TRANSFER TO SCHOLARSHIP FUND		
3. REPAYMENTS TO FEDERAL GOVERNMENT		
4. RECONCILIATION ADJUSTMENTS (DFAFS ONLY)		
5. REPAYMENTS TO INSTITUTION		
6. COSTS OF LITIGATION		
7. OTHER COSTS (Specify)		
8. TOTAL CASH DISBURSEMENTS (E.1 Through E.7)		
F. FEDERAL FUNDS NO LONGER AVAILABLE (A MINUS C.1 PLUS E.4)		
G. CASH BALANCE END FISCAL PERIOD COVERED BY THIS REPORT (D MINUS E.8)	\$	\$

H. LOAN CANCELLATIONS	CUMULATIVE FROM BEGINNING			CURRENT FISCAL YEAR		
	NUMBER OF BORROWERS	PRINCIPAL CANCELED	INTEREST CANCELED	NUMBER OF BORROWERS	PRINCIPAL CANCELED	INTEREST CANCELED
1. EMPLOYMENT						
a. HP PRACTICE-SHORTAGE (10%)						
b. HP PRACTICE-RURAL SHORTAGE (15%)						
c. NURSING EMPLOYMENT (10%)						
d. NURSING EMPLOYMENT (15%)						
e. NURSING EMPLOYMENT (20%)						
2. DEATH OR DISABILITY						
3. BANKRUPTCY (FCL ONLY)						
4. UNCOLLECTIBLE ACCOUNTS (FCL ONLY)						
TOTAL						
I. ACCOUNTS OVERDUE	NO. OF BORROWERS	PRINCIPAL PAST DUE	INTEREST PAST DUE			
REPORT AMOUNTS MORE THAN 120 DAYS DELINQUENT AS OF JUNE 30 (regular)		\$	\$			
BANKRUPTCY (FCC ONLY)		\$	\$			
TOTAL						

I certify that this report is true and correct and that all fiscal transactions reported above have been made in accordance with the terms and conditions set forth in the application to participate in the program.

3A. SIGNATURE OF INDIVIDUAL PREPARING THIS FORM	3B. TELEPHONE DATA (Area Code and Number)	3C. DATE
3D. NAME AND TITLE OF AUTHORIZED FISCAL OFFICER		3E. SIGNATURE

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
WASHINGTON, D.C. 20202

CALL REPORT
LENDER'S ANNUAL REPORT ON
GUARANTEED STUDENT LOANS OUTSTANDING

Federal moneys or other benefits may, but not necessarily, be withheld under this program unless this report is completed and filed as required by existing laws and regulations. (20 U.S.C. 1078, 1082; 45 CFR 177.8)

FORM APPROVED
OMB NO. 31-R0671

PLEASE READ INSTRUCTIONS ON REVERSE BEFORE COMPLETING THIS FORM.

LENDER'S IDENTIFICATION (use label or exact facsimile)

PART A - YEAR SUMMARY ACTIVITY FOR THE PERIOD JULY 1, 1977, SEPT. 30, 1978	GUARANTOR		
	STATE AGENCY (a)	UNITED STUDENT AID FUND (b)	FEDERAL (NEW) (c)
1. OUTSTANDING BALANCE END OF PREVIOUS FISCAL YEAR - JUNE 30, 1977	\$	\$	\$
2. ADD NEW LOAN DISBURSEMENTS CURRENT FISCAL YEAR	\$	\$	\$
3. ADD LOANS PURCHASED FROM OTHER LENDERS	\$	\$	\$
4. DEDUCT LOANS SOLD TO OTHER LENDERS	\$	\$	\$
5. DEDUCT PAYMENTS RECEIVED OTHER THAN CLAIMS PAYMENTS	\$	\$	\$
6. DEDUCT CLAIMS PAYMENTS RECEIVED FROM GUARANTOR	\$	\$	\$
7. TOTAL OUTSTANDING AS OF END OF CURRENT FISCAL YEAR - SEPT. 30, 1978	\$	\$	\$
PART B - TOTAL GUARANTEED STUDENT LOANS CURRENTLY OUTSTANDING AS OF SEPT. 30, 1978			
8. INTERIM OR IN-SCHOOL LOANS - TOTAL	\$	\$	\$
9. IN REPAYMENT (both current and delinquent)	\$	\$	\$
10. CLAIMS FILED BUT NOT YET PAID	\$	\$	\$
11. TOTAL OUTSTANDING AS OF SEPT. 30, 1978 (MUST equal line 7, Part A)	\$	\$	\$
PART C - PAST DUE ANALYSIS AS OF SEPT. 30, 1978			
12. 30-120 DAYS	\$	\$	\$
13. 121 DAYS AND OVER	\$	\$	\$
14. TOTAL PAST DUE	\$	\$	\$

SIGNATURE		TYPE NAME AND TITLE		DATE
LENDER'S TELEPHONE	ARPA CODE	NUMBER	EXTENSION	

OE FORM 1166-2, 6/78

PREVIOUS EDITION OF THIS FORM IS OBSOLETE.

INSTRUCTIONS

1. The Call Report is to be computed promptly after SEPT. 30.
2. Round all dollars - omit cents.
3. In some cases, the United Student Aid Funds (USAF) is not the guarantor but acts as an administrative agent for a State guarantee agency. In this case, the loan should be included under the category of "State Agency" and not USAF. The States in which USAF acts as an administrative agent are: Alaska, Delaware, Maine, Maryland, and Nevada.
4. Submit one copy (with preprinted ID label) of the completed OE form 1166-2 to:

U.S. Office of Education
Student Loan Processing Center
P.O. Box 1251
Norfolk, Virginia 23501

The second copy should be retained in lender's files.

5. For further clarification, contact the appropriate Regional Office of State Guarantee Agency or Office of Guaranteed Student Loans, Office of Education, Washington, D.C. (Telephone (202) 447-9305).

EXAMPLE The following example is provided for purposes of illustration.

- A Bank reported \$50,000 in total outstanding student loans (Federal-ly insured) on the June 1977 Call Report. Transactions from July 1, 1977 SEPT. 30, 1978.*
- a. New loan disbursements totaled \$25,000.
 - b. Sum total of monthly payments from borrowers repaying their loans totaled \$7,500.
 - c. Reimbursement of \$1,500 on November 12, 1977, for claim filed on September 12, 1977.
 - d. Claim filed on April 15, 1978, but not yet paid as of SEPT. 30, 1978.

Entries for this example are given below in () when applicable.

PART A - YEAR SUMMARY ACTIVITY

LINE 1. Requires the total unpaid principal of all guaranteed student loans outstanding as of June 30, 1977. The figure should include all interim or in-school loans, loans in repayment (loans in repayment include loans currently being repaid, loans delinquent in repayment, loans due for repayment but payout notes have not yet been signed by borrowers, and forbearance of repayment requirements), loans in a deferred status, and loans for which a claim was filed but was not paid as of June 30, 1977. (Example entry \$50,000)

LINE 2* Enter all new disbursements, net after cancellations, made from the period July 1, 1977 through SEPT. 30, 1978. (EXAMPLE ENTRY: \$25,000)

LINE 3* Enter the total unpaid principal of loans purchased from other lenders.

LINE 4* Enter the total unpaid principal of loans sold to other lenders.

LINE 5* Enter the total principal of payments, including refunds, received from borrowers repaying their loans. (Example entry \$7,500)

LINE 6* Enter the net total principal amount received from guarantor for payment of claims. (Example entry \$1,500)

*Figures entered in lines 2 through 6 are for the period July 1, 1977 through SEPT. 30, 1978.

LINE 7. Line 1 plus line 2 plus line 3 minus line 4 minus line 5 minus line 6.

PART B - TOTAL GUARANTEED STUDENT LOANS CURRENTLY OUTSTANDING

LINE 8. Of the amount shown on line 7, Part A, enter the total unpaid principal of all interim or in-school loans outstanding as of SEPT. 30, 1978. Those loans that are in grace period (9-12 months) status or in deferment status are to be included.

LINE 9. Of the amount shown on line 7, Part A, enter the total unpaid principal for all loans in repayment status. Loans in repayment include loans currently being repaid, loans delinquent in repayment, loans due for repayment but payout notes have not yet been signed by borrowers, and forbearance of repayment requirements. Do not include loans for which a claim has been filed but not yet paid. Enter the amount of these loans on line 10 below.

LINE 10. Of the amount shown on line 7, Part A, enter the net total principal amount of claims filed with guarantor but not yet paid. This line item is NEITHER to be included in the repayment total (line 9, Part B) NOR to be included in the time period of delinquency (Part C). (Example entry \$1,200)

LINE 11. Line 8 plus line 9 plus line 10. Must equal line 7, Part A.

PART C - PAST DUE ANALYSIS

LINE 12 AND 13. The total unpaid principal for this part should be taken from line 9, Part B for those loans which have been delinquent for thirty days or more and the total should be broken down by the proper time periods of delinquency. Include loans in repayment for which payments are overdue and loans overdue for repayment for which borrowers have not yet signed a payout note. Do not include loans for which a claim has been filed but not yet paid. Entries should be the outstanding balances of the note, not merely the amounts of monthly payments overdue.

LINE 14. Sum total of lines 12 AND 13.

NOTE. Treatment of forbearance for reporting purposes.

Forbearance is defined as changing the terms of the loan by deferring/eliminating payments or reducing the size of payments for a limited time with or without increasing the term. The basis for these adjustments is reasonable need, along with the expected ability and intent of the borrower to meet the revised payment schedule. The basis for forbearance is NEITHER a temporary cure for current delinquency. These accounts for reporting purposes are considered on a current basis. Therefore, forbearance accounts should be entered in line 9, Part B (LINE 9).

Estimates for any line item are acceptable.

GPO 931-820

Audit Objectives for NDSL, CWS, SEOG and BEOG Programs

While objectives for the specific programs differ somewhat, the HEW audit guides include the following objectives:

Internal Control

To determine what internal controls are present; to make a preliminary evaluation as to the adequacy of these controls; and to determine the degree of reliance that can be placed on internal controls, subject to tests of transactions to verify the effectiveness of these controls, to assure compliance with HEW's policies and procedures.

Accounting System

To determine whether the institution's accounting for the NDSL, CWS, and SEOG funds is supported by a system that is designed to fairly and timely disclose the financial results of grant performance in accordance with federal reporting requirements.

Student File Maintenance

To determine whether the institution maintains acceptable program and student records that reflect all transactions with respect to student financial aid program funds.

Program Funding

To determine that advanced funds transferred from the "Cash Control, DFAFS" account to the "Cash, CWS, SEOG, or BEOG" accounts (or similar accounts) were accounted for properly and were requested as closely as possible to the time program disbursements were made; and to determine whether accounting for grant-related interest income, if any, was appropriate.

Reconciliation of Account Balances

To determine whether the amounts shown in the institution's accounts agree with the information reported on the June 30 OE Fiscal-Operations Reports or Progress Reports and the Recipient Report of Expenditures by DFAFS Document Number. Also determine whether monthly cash reconciliations are being performed.

Verification of Student Participation

To determine through outside confirmation that students who participated in the programs actually received the amount of the award reported by the institution and were in attendance for the period.

Administrative Cost Allowances

To determine whether the institution claimed the correct amount of administrative cost allowance on each program and that procedures have been established to comply with the Student Consumer Information Requirements.

Federal and Institutional Contributions

To determine that the federal share of the NDSL and CWS Programs funds did not exceed the authorized amounts and that the institutional contributions were timely and in the proper amounts.

Maintenance of Level of Effort

To determine whether the institution has expended in its own scholarship and student aid programs an amount equal to the computed three year average.

Eligibility of Participating Institution

To determine if the institution had met and continued to meet the requirements for eligibility to participate in the student financial aid programs.

Coordination of Federally Assisted Student Aid Programs

To test the institution's system for coordinating assistance under the campus-based programs with the institution's other federal and non-federal programs of student financial aid, and the controls established to preclude the awarding of assistance in excess of a student's financial need.

Self-Evaluation System

To determine if the institution has a self-evaluation system that enables them to provide continuous monitoring of its program activities.

Eligibility of Borrowers

To test the institution's system for determining student eligibility for the various aid programs.

Note Form and Execution

To determine whether the note form used by the institution conforms to the provisions recommended by the Office of Education and the promissory notes were properly executed.

Institutional Disbursements to NDSL Recipients

To test the effectiveness of the institution's disbursement procedures and practices for payment of advances to students.

Loan Collections — Due Diligence (NDSL)

To determine if the institution exercises due care and diligence in administering the NDSL Program.

Payments from Borrowers

To test the institution's procedures for recording and controlling loan repayments.

Loan Deferments

To test the institution's system for processing deferment requests from borrowers.

Loan Cancellations

To test the institution's system for processing cancellation forms, and recording cancellation adjustments to the loan fund accounts.

Assignment of Notes

To test the institution's procedures for assigning defaulted loans to the United States for collections.

Loans to Institutions

To determine that the institution is current in its payments of principal and interest on its loan from the Commissioner of Education.

Excess Cash Balance — NDSL Fund

To determine that the institution has not accumulated in its Loan Fund unnecessary cash balances.

Development of Jobs (CWS)

To test the institution's policies and procedures for determining employment opportunities under the CWS program.

Student Compensation Earned (CWS)

To test the institution's system for payment of salary and wages to CWS students.

Determination and Documentation of SEOG Awards

To test the institution's system for awarding SEOG grants to students.

Disbursements to Students

To test the institution's system for payments to SEOG recipients.

Calculations of Total Cost of Attendance

To determine whether the institution's calculations for total cost of attendance are consistent with program regulations.

Determination of Basic Grant Awards

To test whether the institution correctly computed the preliminary and final BEOG awards.

Summary of Government Audit Standards

This summary is taken from *Standards for Audits of Governmental Organizations, Programs, Activities and Functions* (pages 6-9) by the Comptroller General of the United States, General Accounting Office, 1972.

PART III — GENERAL STANDARDS

1. The full scope of an audit of a governmental program, function, activity, or organization should encompass:
 - a. An examination of financial transactions, accounts, and reports, including an evaluation of compliance with applicable laws and regulations.
 - b. A review of efficiency and economy in the use of resources.
 - c. A review to determine whether desired results are effectively achieved.
 In determining the scope for a particular audit, responsible officials should give consideration to the needs of the potential users of the results of that audit.
2. The auditors assigned to perform the audit must collectively possess adequate professional proficiency for the tasks required.
3. In all matters relating to the audit work, the audit organization and the individual auditors shall maintain an independent attitude.
4. Due professional care is to be used in conducting the audit and in preparing related reports.

PART IV — EXAMINATION AND EVALUATION STANDARDS

1. Work is to be adequately planned.
2. Assistants are to be properly supervised.
3. A review is to be made of compliance with legal and regulatory requirements.
4. An evaluation is to be made of the system of internal control to assess the extent it can be relied upon to ensure accurate information, to ensure compliance with laws and regulations, and to provide for efficient and effective operations.
5. Sufficient, competent, and relevant evidence is to be obtained to afford a reasonable basis for the auditor's opinions, judgments, conclusions, and recommendations.

PART V — REPORTING STANDARDS

1. Written audit reports are to be submitted to the appropriate officials of the organizations requiring or arranging for the audits. Copies of the reports should be sent to other officials who may be responsible for taking action on audit findings and recommendations and to others responsible

or authorized to receive such reports. Unless restricted by law or regulation, copies should also be made available for public inspection.

2. Reports are to be issued on or before the dates specified by law, regulation, or other arrangement and, in any event, as promptly as possible so as to make the information available for timely use by management and by legislative officials.
3. Each report shall:
 - a. Be as concise as possible but, at the same time, clear and complete enough to be understood by the users.
 - b. Present factual matter accurately, completely, and fairly.
 - c. Present findings and conclusions objectively and in language as clear and simple as the subject matter permits.
 - d. Include only factual information, findings, and conclusions that are adequately supported by enough evidence in the auditor's working papers to demonstrate or prove, when called upon, the bases for the matters reported and their correctness and reasonableness. Detailed supporting information should be included in the report to the extent necessary to make a convincing presentation.
 - e. Include, when possible, the auditor's recommendations for actions to effect improvements in problem areas noted in his audit and to otherwise make improvements in operations. Information on underlying causes of problems reported should be included to assist in implementing or devising corrective actions.
 - f. Place primary emphasis on improvement rather than on criticism of the past; critical comments should be presented in balanced perspective, recognizing any unusual difficulties or circumstances faced by the operating officials concerned.
 - g. Identify and explain issues and questions needing further study and consideration by the auditor or others.
 - h. Include recognition of noteworthy accomplishments, particularly when management improvements in one program or activity may be applicable elsewhere.
 - i. Include recognition of the views of responsible officials of the organization, program, function, or activity audited on the auditor's findings, conclusions, and recommendations. Except where the possibility of fraud or other compelling reason may require different treatment, the auditor's tentative findings and conclusions should be reviewed with such officials. When possible, without undue delay, their views should be obtained in writing and objectively considered and presented in preparing the final report.

- j. Clearly explain the scope and objectives of the audit.
 - k. State whether any significant pertinent information has been omitted because it is deemed privileged or confidential. The nature of such information should be described, and the law or other basis under which it is withheld should be stated.
4. Each audit report containing financial reports shall:
- a. Contain an expression of the auditor's opinion as to whether the information in the financial reports is presented fairly in accordance with generally accepted accounting principles (or with other specified accounting principles applicable to the organization, program, function, or activity audited), applied on a basis consistent with that of the preceding reporting period. If the auditor cannot express an opinion, the reasons therefor should be stated in the audit report.
 - b. Contain appropriate supplementary explanatory information about the contents of the financial reports as may be necessary for full and informative disclosure about the financial operations of the organization, program, function, or activity audited. Violations of legal or other regulatory requirements, including instances of non-compliance, and material changes in accounting policies and procedures, along with their effect on the financial reports, shall be explained in the audit report.

Letter of Engagement for Auditing Services to a (Campus-Based or BEOG) Program Institution

(a suggested format)

THIS LETTER OF ENGAGEMENT, entered into as of this _____ day of _____, 19_____, by and between _____, of the city of _____ County of _____, State of _____, hereinafter referred to as the Institution, and _____ Certified Public Accountant, (or _____ Licensed Public Accountant) of the City of _____, County of _____, State of _____, hereinafter referred to as the Auditor.

WITNESSETH THAT

The Institution and the Auditor agree as follows:

1. The Auditor shall, in a professional manner, perform the following services:
 - A. For the period _____, 19_____, to _____, 19_____, the Auditor shall in accordance with *Standards For Audit Of Governmental Organizations, Programs, Activities, & Functions* examine the financial statements and records of the Institution as they relate to the programs for the grant year ended _____ and shall issue a report on the examination. In addition, the Auditor shall perform such other audit steps and examine such other activities as set forth in the Guide for Audits of Campus Based Programs (BEOGs). The report shall be prepared as prescribed by the foregoing guide and shall be furnished to the Institution's Board of Directors. Thirteen copies of the final audit report must be furnished directly by the Auditor to the HEW Regional Audit Director (see Appendix A of prescribed audit guide for addresses).
 - B. The Auditor shall familiarize himself with applicable requirements as set forth in the audit guide prescribed in "A" above.
2. The Institution shall furnish the following to the Auditor:
 - A. All financial records, books of original entry, supporting documents and other related records, as requested.
 - B. Copies of the Institution's corporate charter, by laws, minutes of the Board of Directors, policy directives, grant agreements, contracts, leases, budgets, and other documents or data pertinent to the programs (BEOG program) Official Authorization Letter for the period July 1, 1977 through June 30, 1978, and such other information as may be required in the conduct of his examination.
 - C. Adequate working space and other facilities for the conduct of his examination.
 - D. Assistance by Institution's staff — which is considered desirable and necessary — including, but not limited to, the preparation of account analyses, summaries, and other working papers which may reduce the time required for the examination and, consequently, audit costs.
3. The Auditor shall promptly inform a responsible official of the Institution and the HEW Regional Audit Director regarding reasonable indication of defalcation or other irregularities that may come to his attention in connection with the examination.
4. The Auditor shall commence his examination on or about the day of _____, 19_____, and as expeditiously as possible complete his report within approximately _____ calendar days. Provided further that such estimated completion date may be modified by mutual agreement of the parties.
5. It is understood that the fees for the services of the Auditors as set forth in paragraph 1A above shall be computed according to the following schedule of hourly rates:

Junior accountants	\$ _____	\$ _____
Semi-senior accountants	\$ _____	\$ _____
Senior accountants	\$ _____	\$ _____
Managers	\$ _____	\$ _____
Principals	\$ _____	\$ _____
Clerical Staff	\$ _____	\$ _____

Other direct expenses relating to the Engagement may also be billed by the Auditor.

6. The Auditor shall exert every effort to perform the services set forth in paragraphs 1A, 1B, 3, and 4 of this Engagement for an amount not to exceed \$ _____. The Auditor further agrees to notify the Institution if and when it is evident that this cost level will be exceeded. Such notification shall include a statement of the reasons why the Auditor will be unable to complete the services without exceeding the agreed upon cost level and a statement of the additional amount of funds necessary to complete the services. It is understood that the amount payable pursuant to this paragraph of this Engagement shall at that time be subject to revision pursuant to a mutually agreed upon written amendment, but that in no event shall the amount payable pursuant to this paragraph of this Engagement exceed \$ _____ in the absence of a written amendment to the contrary.
7. Payment shall be made by the Institution upon receipt of the Auditor's final report, prepared in accordance with the provisions of this Engagement, and the Auditor's itemized statement.
8. The Auditor agrees to retain all working papers, audit programs and other documents prepared or obtained during the course of the audit for a minimum period of five (three) years or for a longer period where conditions of exceptions exist as identified in section 1.6 of the prescribed audit guide, and to make them available upon request during this period for the use of the Institution, the DHEW auditors, and/or the U.S. General Accounting Office.
9. IN WITNESS WHEREOF, the Institution and the Auditor have executed this Letter of Engagement as of the date indicated below.

Auditor _____	Institution _____
By _____	By _____
Title _____	Title _____

Institutional File Analysis

DEPARTMENT _____
 SECTION _____
 PREPARED BY _____
 DATE _____

1. File name
2. Content (if more than one form)
3. Responsible department
4. Document or file size
5. Current location
6. Type of equipment used for housing file
7. Filing sequence
8. Individual responsible for keeping index current (if an index is used)
9. Number of records currently filed, number of feet of material
10. Expected growth rate
11. Data on purging
 - a. How long must records be kept? Where?
 - b. Who does the purging?
 - c. What are purging rules?
 - d. How often are files purged?
 - e. What constraints on file retention apply?
12. Access statistics
 - a. Who are the major users of the file?
 - b. How frequently are files accessed?
 - c. What is the distribution of accesses?
 - d. Is the full, or only part of the, file retrieved?
 - e. Who retrieves the file originally? Who refiles it?
 - f. How are files requested?
 - g. What type of charge out control system is used?
 - h. How are files rerouted (if used by more than one department)?
13. Security regulations
14. Possibility or frequency of misfilings procedure for location of missing files

Appendix 8:2

Retention Schedule for Selected Documents Related to Federal Aid Programs

• *National Defense/Direct Student Loan*: For promissory notes, five years beyond the date the note has been repaid, cancelled or assigned; or until audited by HEW, whichever occurs earlier. Records must be retained until any audit exceptions are resolved.

• *College Work-Study Program*: Five years after submission of annual FISCOP Report or until audited. Records must be retained until any audit exceptions have been resolved.

• *Supplemental Educational Opportunity Grant*: Five years after submission of annual FISCOP Report or until any audit exceptions have been resolved.

• *Guaranteed/Federally Insured Student Loan*: Five years following the student's termination of enrollment.

• *Basic Educational Opportunity Grant*: Five years

from the date of the final report submitted covering those Basic Grant funds.

• *Law Enforcement Education Program*: Five years after the close of the fiscal year in which the transaction occurred.

• *Nursing Student Scholarships*: Five years following the end of the fiscal year when awarded, or until audited by HEW, whichever occurs earlier.

• *Nursing Student Loans*: Five years following the end of the fiscal year when awarded, or until audited by HEW, whichever occurs earlier. Records must be retained until any audit exceptions have been resolved.

• *Health Professions Student Loans*: Five years following the end of the fiscal year when awarded, or until audited by HEW, whichever occurs earlier. Records must be retained until any audit exceptions have been resolved.

A Suggested Management Report Evaluation Format

1. Report name
2. Responsible department
3. User(s)
4. Current needs of user(s)
5. Possible future needs of user(s)
6. Frequency
7. Schedule
8. Routing
9. Format approval
10. Retention
11. Format
12. Cost benefit analysis
13. Availability of similar information
14. Level of detail required
15. Date for next review
16. Preparer of review

Appendix 8:4

Typical Emergency Loan Fund Guidelines

- The account is to be administered through the institutional books. All checks and deposits are to be made using prescribed institutional forms.
- The account is to be reconciled to subsidiary records monthly.
- The maximum loan is for \$100.
- The maximum time period is 30 days.
- A student may have only one loan outstanding at a time.
- Loan recipients must be currently registered students.
- Student records will be encumbered for loans unpaid for greater than 60 days.
- The individual responsible for collecting loans must be different than the individual authorizing the loans.
- If students withdraw, any obligation to emergency loans will be deducted prior to any tuition refunds being made.
- All emergency loans must be evidenced by signed promissory notes.
- Need must be for true emergencies, such as food, rent, books, medical treatment, or transportation due to death in family. The reason for the loan must be clearly stated.
- If the office responsible for collection is unable to collect the loan, the account will be sent to a collection agency.

Bibliography

Primary sources of information on student aid are available from the Bureau of Student Financial Assistance in the U.S. Office of Education, from other federal agencies, and from the National Association of Student Financial Aid Administrators, 910 17th St., N.W., Washington, D.C. 20006. Some of these publications are listed below.

Bureau of Student Financial Assistance Publications

Accounting, Recordkeeping, and Reporting by Colleges and Universities for Federally Funded Student Financial Aid Programs (the "Blue Book"), 1977.

"Basic Educational Opportunity Grant, Validation Procedures 1979-80."

BSFA Bulletin.

"Determination of Eligibility Index 1979-80: Basic Educational Opportunity Grant Program."

"Federal Student Financial Aid: Counselor's Handbook," November 1978.

Student Financial Aid: 1978-79 Handbook.

Other Federal Government Publications

"Compendium of Regulations for All Programs Administered by the Bureau of Postsecondary Education," Bureau of Postsecondary Education USOE, January 1976.

Guide for Audits of Basic Educational Opportunity Grant Program, Audit Agency, Office of Inspector General, DHEW, June 1978.

Guide for Audits of National Direct Student Loan Program, College Work-Study Program, Supplemental Educational Opportunity Grants Program, Audit Agency, Office of Inspector General, DHEW, July 1978.

"Inconsistencies in Awarding Financial Aid to Students Under Four Federal Programs" (HRD-79-16), U.S. General Accounting Office, May 11, 1979.

Standards for Audit of Governmental Organizations, Programs, Activities & Functions, U.S. General Accounting Office, 1972. (Available from U.S. Government Printing Office, Washington, D.C. 20402, as stock number 2000-00110; supplements also available.)

"What Assurance Does Office of Education's Eligibility Process Provide?" (HRD-78-120), U.S. General Accounting Office, January 17, 1979.

National Association of Student Financial Aid Administrators Publications

Characteristics and Attitudes of the Financial Aid Administrator, 1978.

A Handbook for Use in the Preparation of Student Expense Budgets, 1977.

"Institutional Guide for Financial Aid Self-Evaluation" (Second Edition), 1978.

The Journal of Student Financial Aid.

NASFAA Federal Monitor.

Glossary

Administrative allowance: That portion (4%) of campus-based funds an institution may use for offsetting administrative expenses of the SEOG, CWS, and NDSL programs.

Affidavit of educational purpose: A notarized document, signed by the student, indicating his or her agreement to utilize student aid for educational purposes only.

Agreement: The document signed by the chief executive officer of the institution, required in advance of participation in the major federal student aid programs; the agreement covers the responsibilities of the institution in administering federal financial aid.

Campus-based programs: Supplemental Educational Opportunity Grant program, College Work-Study program, and National Direct Student Loan program; institution controls awards.

Cancellation: The elimination of a portion of a loan for specific reasons.

Commissioner: The U.S. Commissioner of Education or his or her designee.

Cy pres: A legal doctrine by which written instruments are construed to carry out the intention of the party as closely as possible. This doctrine is often used in probate matters in order to give effect to the testator's intention as disclosed by his or her will. Where a specific provision cannot be given effect because of impossibility or illegality, the court strives to give it effect as closely as is possible.

Default (or in default): The failure of a borrower to make an instalment payment when due, or to comply with other terms of a promissory note under circumstances in which the institution finds it reasonable to conclude that a borrower does not intend to honor his or her obligation to repay.

Default rate (NDSL): The remaining principal amount that has been neither paid nor canceled on all notes in default divided by the total amount of matured

paper. The dividend is the total principal amount that has been neither paid nor canceled on all notes where the borrowers failed to make an instalment payment when due, and that failure persisted and was not cured either by payment or other appropriate arrangements for 120 days in the case of loans repayable in monthly instalments, or for 180 days in the case of loans repayable in less frequent instalments. The divisor is the total amount lent that has reached repayment status. The total amount that has reached repayment status is the total amount lent minus the amount not in repayment status because the borrower is in student status either at the institution that made the loan or another institution, or the borrower is in the grace period.

Defense loan: A loan granted prior to July 1, 1972 under the National Defense Education Act of 1958.

Deferment: The act of delaying payments for a specific reason and for a specified period of time.

Direct loan: A loan granted after June 20, 1972 under the National Defense Education Act of 1958, as amended in 1972.

Due diligence: The attention and care legally expected or required of a person, in the collection of a loan, characterized by steady, earnest, and energetic application and effort.

Eligibility index (EI): The number reported on the Student Eligibility Report that indicates the level of contribution expected by the Basic Grants system from the student or family, based on the data provided.

Employment (work): A type of financial aid that consists of a job on a part-time (or possibly full-time) basis for which the student receives a salary; usually paid by the hour.

Entrance interview: Discussion with a borrower on his or her rights and responsibilities for a loan.

Exit interview: A meeting about repayment of a loan at which information is exchanged between the borrower and an institutional representative.

Expected family contribution: The amount of funds the student or family is reasonably expected to make available to meet anticipated educational costs, as indicated by the need analysis.

Fiscal Operations Report (FISCOP report): The document submitted by an institution of postsecondary education to the U.S. Office of Education for a designated fiscal year, containing data for the Bureau of Student Financial Assistance programs in which it participates.

Grace period: A defined period of time, immediately following a borrower's ceasing to be an eligible student, during which interest does not accrue and payments are not required.

Grant (or grant-in-aid): A type of financial aid that does not have to be repaid: usually awarded on the basis of need, possibly combined with some skill or characteristic the student possesses; for the purposes of this manual, the term includes "scholarship."

Loan: A type of financial aid that has to be repaid, usually in instalments over a reasonably long period of time; some loans provide cancellation provisions.

Need analysis: The process of assessing a family's ability to meet the cost of education.

Package: A financial aid award made up of a variety of types of aid (grant, work, loan) and/or sources.

Packaging: The process of making up a financial aid package.

Portability: The privilege of using a type of financial aid (e.g., a grant) outside the state or other geographical area in which it was awarded.

Postponement: The holding back of the billing process until some future time.

Scholarship: A type of financial aid that does not have to be repaid: usually awarded on the basis of need and/or academic ability, possibly combined with some other skill or characteristic the student possesses; for purposes of this manual, included in the term "grant."

Self-help: Employment and loans.

Skip-tracing: The act of locating a borrower whose address is unknown.

Student budget: Total costs for attendance at a specific institution.

Student Eligibility Report (SER): The document containing the student's Basic Grant eligibility index representing the family's expected contribution, which the student takes to the institution selected; the institution pays the student and/or credits his or her account.

Truth in lending: The requirements of the Consumer Credit Protection Act, on lenders, to make specific statements of disclosure regarding the finance charges on loans.

Abbreviations

ACT: American College Testing

BEOG: Basic Educational Opportunity Grant

BSFA: Bureau of Student Financial Assistance

CSS: College Scholarship Service

CWS: College Work-Study

DFAFS: Departmental Federal Assistance Financing System (DHEW)

DHEW (or HEW): Department of Health, Education, and Welfare

EI: Eligibility Index (BEOG)

FISCOP: Fiscal Operations Report (OE Form 646)

FISL: Federally Insured Student Loan

GAO: U.S. General Accounting Office

GSL: Guaranteed Student Loan

HEAL: Health Education Assistance Loan

HELP: Higher Education Loan Program

LEEP: Law Enforcement Education Program

NDEA: National Defense Education Act

NSL: Nursing Student Loan

NSS: Nursing Student Scholarship

SEOG: Supplemental Educational Opportunity Grant

SER: Student Eligibility Report (BEOG)

SSIG: State Student Incentive Grant

USOE (or OE): U.S. Office of Education

VA: Veteran's Administration

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